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TRANSCRIPT OF RECORD

Supreme Court of the United States

OCTOBER TERM, 1951

No. 180

KEROTEST MANUFACTURING COMPANY,
PETITIONER,

vs.

C-O-TWO FIRE EQUIPMENT COMPANY

ON WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS
FOR THE THIRD CIRCUIT

PETITION FOR CERTIORARI FILED JULY 9, 1951.

CERTIORARI GRANTED OCTOBER 8, 1951

SUPREME COURT OF THE UNITED STATES

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[fol. 1]

APPENDIX TO BRIEF

IN THE UNITED STATES DISTRICT COURT FOR THE
DISTRICT OF DELAWARE

Civil Action No. 1300

KEROTEST MANUFACTURING COMPANY, Plaintiff,

v.

C-O-TWO FIRE EQUIPMENT COMPANY, Defendant

DOCKET ENTRIES

1. Mar. 9, 1950. Complaint; summons issued (Exit papers to Marshal).
2. Mar. 10, 1950. Report to Commissioner of Patents mailed and copy filed.
3. Mar. 13, 1950. Marshal returns on summons marked "Served 3/9/50."
4. Mar. 18, 1950. Appearance of Arthur G. Connolly as counsel for defendant.
5. Mar. 25, 1950. Motion of defendant to stay, with affidavit of Adams, with certain exhibits attached.
6. Mar. 28, 1950. Defendant's motion for an extension of the time to answer until after Court's disposition of motion to stay.
- [fol. 2] 7. Mar. 29, 1950. Notice and Motion of plaintiff to file supplemental complaint with supplemental complaint attached; and plaintiff's motion for preliminary injunction, with affidavit of Rotish and certain exhibits attached.
8. Mar. 29, 1950. Hearing on defendant's motion for extension of time to answer until disposition of defendant's motion to stay and on plaintiff's motion to file supplemental complaint.
9. Mar. 29, 1950. Order, Rodney, J., granting an extension of time to defendant to answer herein until 10 days after determination by the Court of defendant's motion to stay.
10. Mar. 29, 1950. Order, Rodney, J., granting leave to plaintiff to file supplemental complaint, and defendant shall answer supplemental complaint 10 days after the Court's determination of defendant's motion to stay.

10. Apr. 18, 1950. Memo of plaintiff in support of its motion to stay and in opposition to plaintiff's motion for defendant to stay.

11. Apr. 18, 1950. Memo of defendant in support of its motion to stay and in opposition to plaintiff's motion for injunction.

H. Apr. 21, 1950. Hearing on motion of defendant for stay, and on motion of plaintiff for preliminary injunction.

12. Apr. 21, 1950. Reporter's notes of hearing on 4/21/50.

13. Apr. 28, 1950. Order denying motion of plaintiff for preliminary injunction and granting motion of defendant for a stay, etc. (Notice to counsel.)

[fol. 3] 14. Apr. 28, 1950. Plaintiff's notice of appeal. (Copy to counsel and Clerk, 3rd C. C. A.)

15. Apr. 29, 1950. Cash Bond on appeal in the sum of \$250.00 filed by plaintiff.

16. May 1, 1950. Reporter's transcript of Court's announcement at conclusion of hearing of April 21, 1950.

May 2, 1950. Exit Record on Appeal.

17. July 8, 1950. Mandate of 3rd C. C. A. affirming judgment of this Court, awarding costs to defendant and against plaintiff in sum of \$35.00.

18. July 21, 1950. Motion of plaintiff for preliminary injunction.

19. July 21, 1950. Notice and renewal of motion of defendant for a stay.

20. July 28, 1950. Memo of plaintiff on its motion for preliminary injunction and against defendant's motion to stay.

21. July 28, 1950. Memo of defendant in support of its motion for a stay and in opposition to plaintiff's motion for injunction.

H. July 28, 1950. Hearing on plaintiff's motion for preliminary injunction and on defendant's motion to stay.

22. July 31, 1950. Reporter's Notes of hearing on 7/28/50.

23. Aug. 1, 1950. Proposed Findings and Conclusions of defendant and form of Order.

24. Aug. 2, 1950. Proposed Findings and Conclusions of plaintiff.

[fol. 4] 25. Aug. 7, 1950. Comments of defendant on plaintiff's proposed Findings and Conclusions.

26. Aug. 10, 1950. Reply Memo of plaintiff on defendant's comments of plaintiff's proposed Findings and Conclusions.

27. Aug. 18, 1950. Opinion, Rodney, J., re motion of plaintiff for preliminary injunction, and on motion of defendant for a stay. (Notice to counsel.)

28. Aug. 18, 1950. Findings of Fact and Conclusions of Law re opinion on motion of plaintiff for preliminary injunction and on motion of defendant for a stay.

29. Sept. 5, 1950. Order granting motion of plaintiff for preliminary injunction, denying defendant's motion for stay and ordering defendant to answer within ten days. (Notice to Counsel.)

30. Sept. 8, 1950. Cash Bond in lieu of surety by plaintiff re preliminary injunction and as per order dated 9/5/50.

31. Sept. 11, 1950. Petition of plaintiff and Order directing Clerk to draw check on Registry in sum of \$250.00, which represents return of cash deposited in lieu of Cost Bond. (Exit Reg. Ck. No. 1241.)

32. Sept. 11, 1950. Notice of Appeal by defendant from order dated 9/5/50. (Notice to 3rd C. C. A. and Counsel.)

33. Sept. 11, 1950. Cost Bond on Appeal of defendant.

34. Sept. 11, 1950. Designation of Record on Appeal of defendant.

[fol. 5] 35. Sept. 13, 1950. Motion of defendant for extension of time to Answer and proposed order.

H. Sept. 15, 1950. Hearing on motion of defendant for extension of time to answer.

36. Sept. 15, 1950. Order Rodney J., extending time for defendant to answer until 10 days after determination by 3rd C. C. A. of appeal.

Sept. 27, 1950. Exit record on appeal.

IN UNITED STATES DISTRICT COURT

COMPLAINT—March 9, 1950

1. This Court has jurisdiction in the premises by virtue of the provisions of Title 28 U. S. C., Sections 1332, 1391 and 2201. There is diversity of citizenship between the

parties and the amount in controversy exceeds \$3,000.00 exclusive of interest and costs.

2. The plaintiff, Kerotest Manufacturing Company, hereinafter called "Kerotest," is a Pennsylvania corporation, having its offices at Pittsburgh, Pennsylvania. The defendant, C-O-Two Fire Equipment Company, hereinafter called "C-O-Two," is a Delaware corporation, having offices at Newark, New Jersey.

3. Kerotest is and for some time past has been engaged in the manufacture of industrial valves. Among others, it has manufactured and sold valves designated as "Type X-81." A drawing of the Type X-81 valve forms Exhibit A of this Complaint. It has also made and sold valves designated as "Type C-24." A drawing of the Type C-24 valve forms Exhibit B of this Complaint.

4. On August 19, 1947, United States Letters Patent 2,425,779 issued to C-O-Two as the assignee of Frank B. Allen. A copy of Patent 2,425,779 forms Exhibit C of this Complaint. On August 23, 1949, Patent 2,425,779 was reissued [fol. 6] as Patent Re. 23,142. A copy of Patent Re. 23,142 forms Exhibit D of this Complaint. On November 23, 1948, United States Letters Patent 2,454,621 issued to C-O-Two as assignee of Frank B. Allen. A copy of Patent 2,454,621 forms Exhibit E of this Complaint.

5. Shortly after the issuance of Patents 2,425,779 and 2,454,621, C-O-Two charged Kerotest with infringement of said patents. Kerotest denied infringement, asserted that the patents are invalid and invited C-O-Two to bring suit for infringement against Kerotest so that the questions of validity and infringement might be judicially determined, but C-O-Two has never brought suit against Kerotest.

6. On August 29, 1949, C-O-Two brought suit in the United States District Court for the Eastern District of Michigan against The General Detroit Corporation, Docket No. 8422, charging infringement of Patents Re. 23,142 (2,425,779) and 2,454,621. The General Detroit Corporation is a customer of Kerotest and has purchased from it valves of the form shown in Exhibit A of this Complaint. Those valves are the subject matter of the infringement suit against The General Detroit Corporation.

7. On January 17, 1950, C-O-Two brought suit against

Acme Equipment Co., Inc., in the United States District Court for the Northern District of Illinois, Eastern Division, Civil Action No. 50C75, charging infringement of Patents Re. 23,142 (2,425,779) and 2,454,621. Acme Equipment Co., Inc. is a customer of Kerotest and has purchased from it valves of the form shown in Exhibit A of this Complaint. Those valves are the subject matter of the infringement suit against Acme Equipment Co., Inc.

8. C-O-Two has represented to a customer or customers of Kerotest that the Type C-24 valve shown in Exhibit B of this Complaint infringes C-O-Two's patents.

[fol. 7] 9. C-O-Two has interfered with, and threatens to continue to interfere with, Kerotest's commercial exploitation of Type X-81 and Type C-24 valves, well-knowing that it has no real or substantial grounds for so doing.

10. On November 5, 1942, said Frank B. Allen filed an application in the United States Patent Office, Serial No. 464,686, which application was assigned to C-O-Two. The disclosure of application 464,686 was the same to all intents and purposes as what was subsequently disclosed in Patent 2,454,621 and its claims were addressed to the same subject matter subsequently claimed in Patent 2,454,621. The Patent Office held that the claims contained in application 464,686 were unpatentable in view of the disclosures of Axtell et al. Patent 2,208,490 and Towart Patent 2,258,869. An appeal to the Court of Customs and Patent Appeals was taken and prosecuted. The Court of Customs and Patent Appeals affirmed the Patent Office; *Application of Allen*, 166 F. 2d 184, decided February 10, 1948. On May 13, 1948, C-O-Two filed an application, Serial No. 26,811, which eventuated in Patent 2,454,621. The examiner in charge of that application failed to find or cite the Towart patent upon which application 464,686 had been rejected and C-O-Two wrongfully withheld the facts from said examiner with the result that Patent 2,454,621 improvidently issued with claims not patentably different from those which had been held unpatentable in the proceedings on application 464,686.

The alleged invention claimed as new in Patent 2,454,621, or all material and substantial parts thereof, were described or patented in and by various patentees prior to the supposed invention thereof by Frank B. Allen, or more

than one year prior to any filing date to which he may lawfully be entitled, in the following United States Patents:

[fol. 8]

Patentee	Number	Issue Date	Filing Date
Conrad R. Buckst	1,856,372	May 3, 1932	May 31, 1928
Reuben Wedeberg	1,974,479	Sept. 25, 1934	May 22, 1933
W. G. Axtell and R. E. Fraseur	2,208,490	July 16, 1940	Oct. 24, 1938
Archie Towart, Jr.	2,258,869	Oct. 14, 1941	Mar. 3, 1938
Archie Towart, Jr.	Re. 22,045	Mar. 3, 1942	Dec. 13, 1941

and Patent 2,454,621 is accordingly invalid.

11. The alleged invention claimed as new in Patent Re. 23,142 (2,425,779), or all material and substantial parts thereof, were described or patented in and by various patentees prior to the supposed invention thereof by Frank B. Allen, or more than one year prior to any filing date to which he may lawfully be entitled, in the following United States Patents:

Patentee	Number	Issue Date	Filing Date
Joseph W. Gibney	1,218,252	Mar. 6, 1917	Oct. 18, 1915
Reuben Wedeberg	1,974,479	Sept. 25, 1934	May 22, 1933
Wm. A. V. Thomsen	2,317,422	April 27, 1943	Dec. 31, 1941

and Patent Re. 23,142 is accordingly invalid.

Patent Re. 23,142 is invalid because of prior public use and sale by Kerotest, more than one year prior to any filing date to which said Frank B. Allen may lawfully be entitled, of valves embodying all material and substantial parts of the subject matter claimed in said Patent Re. 23,142.

Patent Re. 23,142 is invalid for the reason that there was no inadvertence, accident or mistake justifying the reissue of Patent 2,425,779.

[fol. 9] 12. By reason of facts herein recited there is a genuine controversy between the parties, and Kerotest is in need of equitable relief.

Plaintiff therefore prays:

A. For preliminary and permanent injunctions enjoining C-O-Two and all others acting by or under its authority from threatening or intimidating customers of Kerotest with charges of patent infringement by reason of the use or sale by said customers of Type X-81 valves or Type C-24 valves;

B. For preliminary and permanent injunctions enjoining C-O-Two from filing or prosecuting infringement actions

against customers of Kerotest by reason of their use or sale of Type X-81 valves or Type C-24 valves;

C. For a declaratory judgment that Patents Re. 23,142 (2,425,779) and 2,454,621 are severally invalid and are not infringed by Type X-81 valves or Type C-24 valves.

D. That plaintiffs may have judgment for costs.

E. That such other and further relief may be granted to the plaintiffs as the equity of this case may require and to the Court may seem meet and proper.

Richards, Layton & Finger, By Aaron Finger, 4072 DuPont Building, Wilmington, 41, Delaware, Attorneys for Plaintiff.

Smith, Buchanan & Ingersoll, 1025 Union Trust Building, Pittsburgh 19, Pennsylvania. Blenko, Hoopes, Leonard & Glenn, 1319 Farmers Bank Building, Pittsburgh 22, Pennsylvania. Of Counsel.

March 9, 1950.

Note: The exhibits to the complaint are not reproduced in this appendix.

[fol. 10] IN UNITED STATES DISTRICT COURT

MOTION FOR A STAY—March 24, 1950

Now comes the defendant C-O-Two Fire Equipment Company by its attorney, Arthur G. Connolly, and moves this Honorable Court for an order staying further proceedings in this action until 19 days after final determination of an action in the United States District Court for the Northern District of Illinois, Eastern Division (Civil Action 50 C 75) wherein the present defendant C-O-Two Fire Equipment Company is plaintiff and present plaintiff Kerotest Manufacturing Company and another, Acme Equipment Company, are defendants.

Grounds

The grounds for this motion are:

1. That said action of the United States District Court, Northern District of Illinois, was commenced January 17,

1950, prior to the commencement on March 9, 1950 of the present action.

2. That both the present plaintiff and present defendant are parties to said action in the Northern District of Illinois.

3. That all issues raised by plaintiff in the present action are raised or can be raised in said action in the Northern District of Illinois.

4. That all issues now presented in or presentable in the present action will be rendered res judicata by the entry of the final judgment in said action in the Northern District of Illinois.

5. Said action in the Northern District of Illinois has been set for trial before Judge Loe on June 9, 1950.

[fol. 11] 6. That duplicate pleadings and proceedings in the instant case would be an unnecessary and expensive burden on C-O-Two Fire Equipment Company, the defendant herein.

7. That said action in the Northern District of Illinois includes as a defendant Acme Equipment Company which is not subject to the jurisdiction of this Court and that said action in the Northern District of Illinois is therefore the only action in which the rights of all the parties can be adjudicated.

(S.) Arthur G. Connolly, Attorney for Defendant,
228 Delaware Trust Building, Wilmington 28,
Delaware.

Dated: March 24, 1950.

Affidavit of R. Morton Adams

STATE OF NEW YORK,

County of New York, ss:

R. MORTON ADAMS, being duly sworn, deposes and says:

I am a member of the firm of Pennie, Edmonds, Morton and Barrows, 247 Park Avenue, New York, New York and am counsel for C-O-Two Fire Equipment Company, defendant, in the above-entitled action.

The action was filed and served March 9, 1950. It involves the validity of defendant's patents Re. 23,142 and 2,454,621 and also the question of infringement by the

manufacture and sale of fire extinguisher valves by plaintiff, Kerotest Manufacturing Company. No Answer has been filed.

[fol. 12] On January 17, 1950, C-O-Two Fire Equipment Company filed an action in United States District Court for the Northern District of Illinois, Eastern Division, (Civil Action No. 50 C 75) against Acme Equipment Company, a corporation of Illinois, charging infringement of the same patents, namely, Re. 23,142 and 2,454,621 by virtue of the manufacture and sale of fire extinguisher valves. A copy of the Complaint in said action is annexed hereto as Exhibit A. The claim includes such infringing valves as may have been purchased from Kerotest Manufacturing Company as well as any other infringing valves.

The Complaint in said Chicago action (Civil Action No. 50 C 75) was served January 23, 1950. Although defendant's time to answer therein has been extended by stipulation, said action has been set for trial on June 9, 1950 before Judge Igoo. Pursuant to notice under the Federal Rules of Civil Procedure, depositions are set to be taken in Chicago in said action on April 10, 1950.

Kerotest Manufacturing Company, in the instant Complaint, alleges that the valves charged to infringe in the Chicago action against Acme Equipment Company were made by it and implies that said action is an unwarranted interference with one of its customers, but Kerotest Manufacturing Company made no effort or attempt to intervene in that case to challenge validity or infringement or to assert that C-O-Two Fire Equipment Company was interfering with its customers as now for the first time alleged.

On March 22, 1950, after the foregoing allegations by Kerotest Manufacturing Company in the instant case, C-O-Two Fire Equipment Company amended the Complaint in said Chicago action (Civil Action 50 C 75) to include Kerotest Manufacturing Company as a defendant. A copy of the Amendment to the Complaint is annexed hereto as Exhibit B.

Said Amended Complaint, including both Acme Equipment Company and Kerotest Manufacturing Company as [fol. 13] defendants, charges infringement not only by the manufacture, use or sale of such valves as may have been purchased by Acme Equipment Company from Kerotest

Manufacturing Company, but also includes any other infringing valves which may have been made, used or sold by Acme Equipment Company and any other infringing valves which may have been manufactured, used or sold by Kerotest Manufacturing Company, and Kerotest Manufacturing Company is afforded an opportunity to assert by counterclaim any claims it may have against C-O-Two Fire Equipment Company. All issues which are before this Court in the instant action are, therefore, presented or presentable in the earlier filed action in Chicago.

In its Complaint in the instant action, Kerotest Manufacturing Company refers not only to the Acme Equipment Company action in Chicago but also to another action which was brought by C-O-Two Fire Equipment Company against The General Detroit Corporation in the United States District Court for the Eastern District of Michigan. Kerotest Manufacturing Company alleges in its present Complaint that in said action against The General Detroit Corporation, as well as in the action against Acme Equipment Company, valves charged as infringements were purchased from Kerotest Manufacturing Company.

I was counsel for C-O-Two Fire Equipment Company in said action against The General Detroit Corporation. Said action was begun August 29, 1949 and was terminated by Consent Judgment on January 17, 1950, prior to the time when Kerotest Manufacturing Company commenced the instant action. Prior to settlement of that action, I was advised by counsel for The General Detroit Corporation that Kerotest Manufacturing Company was under obligation to indemnify The General Detroit Corporation with respect to the alleged infringement and that The General Detroit Corporation had brought to the attention of [fol. 14] Kerotest Manufacturing Company the pendency of said action and the claim of The General Detroit Corporation for indemnity from Kerotest Manufacturing Company. Kerotest Manufacturing Company, however, insofar as I am aware, made no attempt to appear in said action to assert patent invalidity or non-infringement or to assert that C-O-Two Fire Equipment Company was interfering with its customers as now alleged in the instant action. On November 11, 1949, The General Detroit Corporation filed an Answer, joining issue as to validity and infringement

and on January 17, 1950, consented to entry of judgment holding said patents valid and infringed; paid a large sum in settlement of past infringement and acquired a royalty-paying license for the future. A copy of said Final Judgment is hereto annexed as Exhibit C.

(S.) R. Morton Adams.

Subscribed and sworn to before me this 24th day of March, 1950. (S.) Caroline S. Rorke, Notary Public, State of New York. Qualified in Westchester Co. No. 60-3341600. Certificates filed in N. Y. County Clerk's Office and Westchester and N. Y. Register's Offices. Term Expires March 30, 1951.

[fol. 15]

EXHIBIT "A" TO AFFIDAVIT

IN THE DISTRICT COURT OF THE UNITED STATES, FOR THE
NORTHERN DISTRICT OF ILLINOIS, EASTERN DIVISION

Civil Action No. 50 C 75

C-O-TWO FIRE EQUIPMENT COMPANY, Plaintiff,

v.

ACME EQUIPMENT COMPANY, Defendant

COMPLAINT

Plaintiff, a Delaware corporation, complaining of Defendant, an Illinois corporation, alleges:

1. This is an action for infringement by Defendant of Letters Patent of the United States owned by the Plaintiff and arises under the Patent Laws of the United States.

2. Plaintiff is engaged inter alia in the manufacture and sale of carbon dioxide fire extinguisher equipment, including Squeeze Grip Valve and Discharge Head patented in the United States, Letters Patent Reissue No. 23,142 (original 2,425,779) and 2,454,621, which patents are owned by Plaintiff and were regularly and duly issued by the United States Patent Office.

3. Defendant within the past six (6) years has been

and is now infringing the aforesaid Letters Patent by [fol. 16] making and causing to be made and selling and using squeeze grip valves and discharge heads for portable carbon dioxide fire extinguishers embodying the aforesaid patented inventions within the Northern District of Illinois, Eastern Division, and elsewhere in the United States and intends to continue so to do.

4. Plaintiff has given notice to Defendant of its said infringement in accordance with Title 35, U. S. Code, Section 49.

Wherefore, Plaintiff demands an injunction against Defendant and those controlled by it enjoining them from further infringement of said Letters Patent and compensation for said infringement and assessment of costs against Defendant including reasonable attorneys fees.

C-O-Two Fire Equipment Company, by (S.) Casper W. Ooms, 209 S. LaSalle St., Chicago 4, Ill., Its Attorney.

(S.) Pennie, Edmonds, Morton & Barrows, 247 Park Avenue, New York, New York, Of Counsel.

[fol. 17]

EXHIBIT "B" TO AFFIDAVIT

IN THE UNITED STATES DISTRICT COURT, FOR THE NORTHERN
DISTRICT OF ILLINOIS, EASTERN DIVISION

Civil Action No. 50 C 75

C-O-Two FIRE EQUIPMENT COMPANY, Plaintiff,

v.

ACME EQUIPMENT COMPANY and KEROTEST MANUFACTURING
COMPANY, Defendants

AMENDMENT OF COMPLAINT 4

Plaintiff, amending its Complaint herein, alleges in addition to the allegations of the Complaint, as follows:

1. Defendant Kerotest Manufacturing Company is a corporation of Pennsylvania and is qualified to do business

in the State of Illinois at 568 West Randolph Street, Chicago.

2. The squeeze-grip valves and discharge heads for portable carbon dioxide fire extinguishers, or parts thereof alleged in the Complaint to have been caused to be made and to have been sold and used by defendant Acme Equipment Company were made for and sold to defendant Acme Equipment Company by defendant Kerotest Manufacturing Company.

[fol. 18] 3. Upon information and belief, defendant Kerotest Manufacturing Company agreed to indemnify and hold harmless defendant Acme Equipment Company on account of any charge of patent infringement arising out of the manufacture, use or sale of said valves or discharge heads or of fire extinguishers embodying the same.

4. Defendant Kerotest Manufacturing Company has infringed and is now infringing and threatens to continue to infringe, plaintiff's Letters Patent identified in the Complaint by making, using and selling the aforesaid valves and discharge heads and other squeeze-grip valves and discharge heads for portable carbon dioxide fire extinguishers embodying the inventions patented in said Letters Patent.

5. Plaintiff has given notice to defendant, Kerotest Manufacturing Company of its said infringement in accordance with Title 35, U. S. C., Section 49.

Wherefore, plaintiff demands that relief as already prayed for be granted not only against defendant Acme Equipment Company but also against defendant Kerotest Manufacturing Company.

By (S.) Casper W. Ooms, 209 South LaSalle Street, Chicago 4, Illinois, Attorney for Plaintiff.

Note: Exhibit C of Adams' affidavit is not reproduced in this appendix.

[fol. 19] IN UNITED STATES DISTRICT COURT

NOTICE OF MOTION—March 29, 1950

To Arthur G. Connolly, Esquire, Attorney for Defendant:

Please take notice that the undersigned will bring the annexed motions on for hearing before this Court at 2:15

P.M. on this Twenty-ninth day of March, 1950, or as soon thereafter as counsel can be heard.

Aaron Finger, Attorney for Plaintiff.

March 29, 1950.

IN UNITED STATES DISTRICT COURT—March 29, 1950

MOTION FOR LEAVE TO FILE SUPPLEMENTAL COMPLAINT

Pursuant to Civil Rule 15(d), the plaintiff moves for leave to file the attached supplemental complaint setting forth events which have happened since the date of the original complaint herein.

Richards, Layton & Finger. By Aaron Finger, 4072 DuPont Building Wilmington 41, Delaware, Attorneys for Plaintiff.

Smith, Buchanan & Ingersoll, 1025 Union Trust Building, Pittsburgh 19, Pennsylvania, Blenko, Hoopes, Leonard & Glenn, 1319 Farmers Bank Building, Pittsburgh 22, Pennsylvania, Of Counsel.

March 29, 1950.

[fol. 20] IN UNITED STATES DISTRICT COURT

SUPPLEMENTAL COMPLAINT—March 29, 1950

For its supplemental complaint herein Kerotest says:

13. The complaint herein was filed and served upon C-O-Two on March 9, 1950. Subsequent thereto, on March 22, 1950, C-O-Two amended its complaint in the Chicago action (Civil Action 50 C 75) referred to in paragraph 7 of the complaint so as (a) to allege specifically that the structures complained of therein were made and sold by Kerotest and (b) to name Kerotest as a party defendant. There was no change in the venue position of Kerotest in the Northern District of Illinois, Eastern Division, since on or prior to January 17, 1950, the filing date of the Chicago action; that is to say, C-O-Two had as good grounds on January 17, 1950, when it filed the Chicago complaint, for

asserting that the District Court in Chicago had venue jurisdiction over Kerotest as it had on March 22, 1950, when it amended the Chicago complaint. Kerotest therefore avers (a) that C-O-Two elected not to join Kerotest as a party defendant to the Chicago action when it filed the same on January 17, 1950; (b) that this Court was and is the first to obtain jurisdiction of the parties and the issues; and (c) that C-O-Two has amended its complaint in the Chicago action as aforesaid solely because of the commencement of this action and in an attempt to escape an adjudication by this Court.

Kerotest makes the following additional prayer:

B(1). For preliminary and permanent injunctions enjoining C-O-Two from prosecuting the aforesaid Chicago action, either as against Kerotest alone, or generally, as this Court may deem just and proper.

Richards, Layton & Finger. By Aaron Finger, 4072 DuPont Building, Wilmington 41, Delaware, Attorneys for Plaintiff.

[fol. 21] Smith, Buchanan & Ingersoll, 1025 Union Trust Building, Pittsburgh 19, Pennsylvania.

Blenko, Hoopes, Leonard & Glenn, 1319 Farmers Bank Building, Pittsburgh 22, Pennsylvania, of Counsel.

March 29, 1950.

IN UNITED STATES DISTRICT COURT

MOTION FOR PRELIMINARY INJUNCTION—March 29, 1950

The plaintiff moves for a preliminary injunction pursuant to Prayer B(1) of its supplemental complaint herein.

The grounds for this motion are:

(1) As set forth in the supplemental complaint, C-O-Two, subsequent to the filing of the complaint herein, has amended its complaint against Acme Equipment Company (see paragraph 7 of the original complaint herein) so as to join Kerotest as a party defendant.

(2) This Court was and is the first to obtain jurisdiction of the parties and the issues.

(3) In the circumstances Kerotest is entitled as a matter

of law to an injunction which will protect it against the harassment of a multiplicity of suits.

(4) C-O-Two has stated in a pending "Motion for a Stay" (which Kerotest will oppose) that the Chicago action "has been set for trial before Judge Igoe on June 9, 1950." In the affidavit of R. Morton Adams. (p. 2) accompanying said motion for stay, it is stated that "Pursuant to notice under [fol. 22] the Federal Rules of Civil Procedure, depositions are set to be taken in Chicago in said action on April 10, 1950." The notice of depositions and the setting for trial presumably occurred before the Chicago complaint was amended to include Kerotest as a party defendant; in any event such actions were taken without notice to Kerotest and without any opportunity for it to be heard.

Filed herewith is an affidavit of S. J. Roush, President of Kerotest.

Richards, Layton & Finger, by Aaron Finger, 4072 DuPont Building, Wilmington '41, Delaware, Attorneys for Plaintiff.

Smith, Buchanan & Ingersoll, 1025 Union Trust Building, Pittsburgh 19, Pennsylvania; Blenko, Hoopes, Leonard & Glenn, 1319 Farmers Bank Building, Pittsburgh 22, Pennsylvania; of Counsel.

March 29, 1950.

[fol. 23]

Affidavit of S. J. Roush

COMMONWEALTH OF PENNSYLVANIA,

County of Allegheny, ss:

S. J. Roush, being duly sworn, deposes and says:

1. I am President of Kerotest Manufacturing Company, plaintiff in the above-entitled action.

2. Kerotest Manufacturing Company has not directed or controlled, and does not direct or control, the defense in the suit brought by C-O-Two Fire Equipment Company on January 17, 1950 against Acme Equipment Company in the United States District Court for the Northern District of Illinois, Eastern Division (Civil Action No. 50 C 75). On the contrary, instead of attempting to enter into the pending

suit against Acme Equipment Company, the Kerotest Manufacturing Company has brought suit in this Court for declaratory judgment.

3. Kerotest Manufacturing Company took no part in the suit brought by C-O-Two Fire Equipment Company against The General Detroit Corporation, and was not consulted by The General Detroit Corporation with respect to the settlement of the suit. Kerotest Manufacturing Company has consistently denied that it is under any obligation to indemnify The General Detroit Corporation for infringement alleged in the said suit, contrary to the assertion of counsel for The General Detroit Corporation set forth on page 3 of the affidavit of R. Morton Adams which accompanies a pending "Motion for a Stay" by the defendant in the above-entitled action.

4. Attached hereto is a photostat of the Summons and "Amendment of Complaint" that was served upon Kerotest Manufacturing Company in said Civil Action 50 C 75. No copy of the original complaint was served.

5. Kerotest Manufacturing Company has been continuously registered to do business in Illinois and has continuously maintained its Chicago office, since at least 1940.

(Signed) S. J. Roush.

Subscribed and sworn before me this 28 day of March, 1950. Jane H. Keith, Notary Public. My Commission Expires Jan. 4, 1953.

Note: Exhibits of Roush affidavit are not reproduced in this appendix.

[fol. 25] IN UNITED STATES DISTRICT COURT.

ORDER DENYING MOTION FOR PRELIMINARY INJUNCTION AND GRANTING MOTION FOR STAY—April 28, 1950

And Now, to Wit, this twenty-eighth day of April, 1950, plaintiff (hereinafter called "Kerotest") having moved for a preliminary injunction enjoining defendant (hereinafter called "C-O-Two") from prosecuting either against Kerotest alone or generally an action (hereinafter called the "Chicago Suit") now pending in the United States

District Court for the Northern District of Illinois, Eastern Division (Civil Action, No. 50075), wherein originally Acme Equipment Co., Inc. (hereinafter called "Acme") was and still is the defendant and C-O-Two is the plaintiff, and C-O-Two having moved for an order staying further proceedings in this action until ten days after final determination of the Chicago suit, and the Court having studied the affidavits and exhibits submitted by the parties in support of their respective motions, and having maturely considered the briefs and arguments of the attorneys for said parties, and having found the following facts and conclusions of law, pursuant to Rule 52(a):

Findings of Fact

1. On January 17, 1950, C-O-Two commenced the Chicago Suit against Acme, an Illinois corporation. Acme has appeared therein, and is subject to the jurisdiction of the court. That action involves the same patents as are here in issue, namely, defendant's Reissue No. 23,142 and No. 2,454,621. Some, but not all, of the structures accused as infringements in that action were manufactured by Kerotest and sold to Acme for use in portable fire extinguishers of a type competitive with those manufactured and sold by C-O-Two.

2. The Chicago suit was set for trial June 9, 1950 before steps had been taken to make Kerotest a party, and still is set for trial on that date.

[fol. 26]. 3. Kerotest did not offer to defend Acme nor did it attempt to intervene in said case.

4. On March 9, 1950, Kerotest commenced the present action, being fully aware at the time of the pendency of the Chicago suit against its customer and the fact that it involved the same patents and the same accused structures.

5. On March 22, 1950, no answer having been served in the Chicago suit, C-O-Two filed therein an amendment to its complaint for the purpose of joining Kerotest as a co-defendant with Acme. Kerotest is licensed to do business in Illinois and has a resident agent in Chicago. Kerotest has been served with a copy of said amendment but contends before this Court that it is a nullity.

6. Kerotest has been granted an extension of time to move or plead in the Chicago suit until May 3, 1950. As yet it has filed no motion or pleading therein.

7. Acme has moved in the Chicago suit to stay its further prosecution until after final adjudication of the present action. That motion at the time of this Court's decision was awaiting decision by Judge Igoo.

Conclusions of Law

1. This Court has jurisdiction over the parties and the subject matter of the present action.

2. All issues before this Court in this action are before, or may be brought before, the United States District Court for the Northern District of Illinois.

[fol. 27] 3. Under the controlling authority of *Triangle Conduit & Cable Co. v. National Electric Products Corp.*, 125 F. (2d) 1008 (3 Cir., 1942), this Court could not enjoin C-O-Two from seeking a final adjudication against Acme in the Chicago suit. Inasmuch as the Chicago suit was commenced before the present one, it would be an abuse of discretion to enjoin its prosecution by C-O-Two, even if this Court were permitted to do so.

4. Inasmuch as the Chicago suit is scheduled for early trial, it would be more economical of judicial time for Kerotest to contest the issues therein as a co-defendant, rather than to take the time of this Court in duplicate litigation. Kerotest does not have a vested right to have its cause tried by one judge rather than by another of equal jurisdiction. *Crosley Corp. v. Hazeltine Corp.*, 122 F. (2d) 925, 930 (3 Cir., 1941).

For the reasons mentioned above, it is

Ordered that plaintiff's motion for a preliminary injunction to enjoin C-O-Two from prosecuting the Chicago suit be and the same hereby is denied; and defendant's motion for a stay of proceedings in this action be and the same hereby is granted for a period of ninety days from the date hereof, the disposition of each of said motions being without prejudice to the right of either or both parties to renew said motions at the expiration of the aforesaid ninety-day period.

Leahy, Ch. J.

[fol. 28] IN UNITED STATES DISTRICT COURT

TRANSCRIPT OF ORAL ANNOUNCEMENT BY THE DISTRICT JUDGE
AT THE CONCLUSION OF THE HEARING ON APRIL 21, 1950

Before Hon. Paul Leahy, Chief Judge, U. S. District Court

(At the close of argument in this case the Court made the following announcement:)

I conclude to grant defendant's motion for a stay. Plaintiff's motion for an injunction will be denied.

An appropriate order^o should be submitted staying the action for a period of ninety days. Defendant should submit proposed findings of fact pursuant to Rule 52 (a) for the denial of the preliminary injunction.

IN UNITED STATES DISTRICT COURT

MOTION FOR PRELIMINARY INJUNCTION—July 21, 1950

The plaintiff ("Kerotest") moves for a preliminary injunction restraining the defendant ("C-O-Two") from proceeding against Kerotest (and only Kerotest) in Civil Action 50 C 75 in the United States District Court for the Northern District of Illinois, Eastern Division ("the Chicago action").

This motion is made consonant with (a) the order of this Court entered the twenty-eighth day of April, 1950, denying Kerotest's earlier motion for a preliminary injunction but without prejudice to the right of Kerotest to renew its motion at the expiration of the ninety day period provided in the order, and (b) the opinion of the Court of Appeals dated June 16, 1950, on Appeal No. 10,200.

[fol. 29] Grounds:

1. On May 29, 1950, the Court in Chicago entered an order *nunc pro tunc*, with effective date of March 24, 1950, adjudging Kerotest to be a party to the Chicago action as of March 24, 1950. A copy of the order is attached. This action was commenced March 9, 1950. This Court was ac-

cordingly the first to obtain jurisdiction over the subject matter *and* the parties.

2. Under the authority of the decisions cited by the Court of Appeals in its opinion herein, C-O-Two should be enjoined from proceeding against Kerotest in the Chicago action. The injunction sought is for the purpose of restraining C-O-Two from proceeding against Kerotest (and only Kerotest) in the Chicago action.

3. Kerotest had to appear generally in the Chicago action, file an answer therein and accept a trial date therein, in order to preserve its status. But Kerotest has not in any way relinquished its contention that the controversy should be adjudicated in this Court, which was the first to obtain jurisdiction over the issues *and* the parties.

Respectfully submitted, Richards, Layton & Finger,
by Aaron Finger, 4072 DuPont Building, Wilmington 41, Delaware, Attorneys for Plaintiff.

Smith, Buchanan & Ingersoll, 1025 Union Trust Building, Pittsburgh 19, Pennsylvania; Blenko, Hoopes, Leonard & Glenn, 1319 Farmers Bank Building, Pittsburgh 22, Pennsylvania, of Counsel.

July 21, 1950.

[fol. 30] EXHIBIT TO MOTION FOR PRELIMINARY INJUNCTION

Order Nunc Pro Tunc

IN THE DISTRICT COURT OF THE UNITED STATES FOR THE
NORTHERN DISTRICT OF ILLINOIS, EASTERN DIVISION

Civil Action No. 50 C 75

C-O-TWO FIRE EQUIPMENT COMPANY, Plaintiff,

vs.

ACME EQUIPMENT COMPANY and KEROTEST MANUFACTURING
COMPANY, Defendants

It is hereby ordered, adjudged and decreed that Kerotest Manufacturing Company be made a Party Defendant. The

effective date of this Order Nunc Pro Tunc being March 24, 1950.

(Signed) Igoe, Judge Michael Igoe.

May 29, 1950.

Approved as to Form: (Signed) Casper Ooms, Attorney for Plaintiff. (Signed) Brown, Jackson, Boet-
tcher & Dienner, Attorneys for Defendant.

[fol. 31] IN UNITED STATES DISTRICT COURT

NOTICE—July 21, 1950

Please take notice that the attached motion for a stay herein will be brought on for hearing before the Court at the United States Court House in Wilmington, Delaware, at 10:30 A. M. (D. S. T.) on Friday, July 28, 1950, or as soon thereafter as counsel may be heard.

(S.) Arthur G. Connolly, Attorney for Defendant,
228 Delaware Trust Building, Wilmington, Delaware.

July 21, 1950.

To:

Aaron Finger, Esquire, Richards, Layton & Finger, 4072
Du Pont Building, Wilmington, Delaware.

IN UNITED STATES DISTRICT COURT

RENEWAL OF MOTION FOR A STAY—July 21, 1950

Now comes the defendant C-O-Two Fire Equipment Company by its attorney, Arthur G. Connolly, and pursuant to the order entered herein April 28, 1950 granting a stay for a period of ninety days without prejudice to the right of defendant to renew its motion at the expiration of the ninety-day period, moves for an order staying further proceedings in this action until ten days after final determination of an action in the United States District Court for the Northern District of Illinois, Eastern Division (Civil Ac-

tion 50 C 75) wherein the present defendant C-O-Two Fire Equipment Company is plaintiff and present plaintiff Kerotest Manufacturing Company and another, Acme Equipment Company, are defendants.

[fol. 32]

GROUND S

In support of the present motion, defendant relies on:

1. The grounds set forth in its motion for a stay dated March 24, 1950, which grounds are incorporated herein by reference.

2. Additional facts which have transpired since the original motion, as set forth in the affidavit of R. Morton Adams, namely:

a. A motion made by Acme Equipment Company, the original defendant in Civil Action No. 50 C 75 in the District Court of the United States for the Northern District of Illinois, Eastern Division, for a stay of that action pending the determination of the instant action was denied April 21, 1950.

b. The motion of Kerotest Manufacturing Company to quash service and to dismiss the said complaint as to it was denied on May 26, 1950.

c. At the time the Court denied Kerotest's motion to quash, trial date was reset by agreement to September 28, 1950.

d. Kerotest Manufacturing Company entered a general appearance in said action and on June 19, 1950, filed its answer joining issue.

(S.) Arthur G. Connolly, Attorney for Defendant,
228 Delaware Trust Bldg., Wilmington 28, Delaware.

Dated: July 21, 1950.

[fol. 33] Affidavit of R. Morton Adams

STATE OF NEW YORK,
County of New York, ss.:

R. MORTON ADAMS, being duly sworn, deposes and says:

I am counsel for C-O-Two Fire Equipment Company, defendant herein and made an affidavit in support of a motion for a stay, dated March 24, 1950. The purpose of the present affidavit is to set forth events which have occurred since that date.

On April 21, 1950, the motion of Acme Equipment Company, defendant in Civil Action 50 C-75 in the United States District Court for the Northern District of Illinois, Eastern Division, wherein C-O-Two Fire Equipment Company is plaintiff and present plaintiff Kerotest Manufacturing Company and Acme Equipment Company are defendants, for a stay pending determination of the instant action was denied.

On May 26, 1950, the motion of Kerotest Manufacturing Company in said action for an order quashing service and dismissing said complaint as to it was denied.

At the same time, the case which had been set for trial on June 9, 1950 was reset by agreement for trial on September 28, 1950.

Thereafter, Kerotest Manufacturing Company entered a general appearance and on June 19, 1950, filed an answer joining issue.

(S.) R. Morton Adams.

Subscribed and sworn to before me this 29th day of June, 1950. (S.) Caroline S. Rorke, Notary Public, State of New York. Qualified in Westchester Co. No. 60-3341600. Certificates filed in N. Y. County Clerk's Office and Westchester and N. Y. Register's Offices. Term Expires March 30, 1951. (Seal.)

[fol. 34] IN UNITED STATES DISTRICT COURT

OPINION

RODNEY, District Judge:

This case comes before the court upon two contemporaneous motions: (1) a motion of the plaintiff, Kerotest, for a preliminary injunction restraining the defendant, C-O-Two, from proceeding against Kerotest in a civil action in the United States District Court for the Northern District of Illinois, which action will hereafter, for reasons of brevity, be called the Chicago action; and (2) a motion of C-O-Two praying for an order staying further proceedings in the present action until ten days after final determination of the Chicago action.

The pertinent facts are these. On January 17, 1950, C-O-Two commenced the Chicago action against the Acme Equipment Company, charging it with the infringement of certain patents [Re. 23,142, No. 2,454,621]. Acme is a customer of Kerotest. The Chicago suit was set down for trial on June 9, 1950. Kerotest did not offer to defend Acme nor did it intervene in the Chicago action. Subsequent to the institution of the Chicago action and on March 9, 1950, Kerotest instituted the present suit for declaratory judgment with respect to the same patents as those involved in the Chicago action. On March 22, 1950, C-O-Two filed in the Chicago action an amendment to its complaint for the purpose of joining Kerotest as a co-defendant with Acme. On April 21, 1950, the District Court for the Northern District of Illinois denied a motion of Acme for a stay of the Chicago action. On April 28, 1950 [85 USPQ 185], this Court entered an order denying a motion of Kerotest for a preliminary injunction to enjoin C-O-Two from prosecuting the Chicago suit and granting a motion of C-O-Two for a stay of the present proceeding for a period of ninety days, the disposition of each motion being without prejudice [fol. 35] to the right of either party to renew their motions at the expiration of that period.

On May 29, 1950, the court in Chicago entered an order denying Kerotest's motion for the quashing of the service upon it, and adjudging Kerotest to be a party to the Chicago suit. This order was to take effect as of March 24,

1950. Kerotest thereafter entered its appearance in the Chicago court and filed its answer, joining issue therein, on June 19, 1950.

In the meantime, an appeal was taken from the order of this court dated April 28, 1950. The Court of Appeals for this Circuit on June 16, 1950, [86 USPQ 4], affirmed this court's judgment.

The basic issue now before this court seems to be whether, as regards Kerotest, this present action or the Chicago action has priority in respect of time of commencement. It has been authoritatively held that it is ordinarily the duty of the federal district court first obtaining jurisdiction of the parties and issues in a patent cause to proceed to adjudicate the controversy and to restrain the parties from seeking to duplicate the adjudication in a later suit in another district court.¹

The first case in which this principle was established in this Circuit was that of *Crosley Corporation v. Hazeltine Corporation*, 122 F. 2d 925 [51 USPQ 1], cert. den. 315 U. S. 813 [52 USPQ 644], 315 U. S. 831. *Crosley Corporation* brought a declaratory judgment action in the District of Delaware against *Hazeltine Corporation*, seeking a declaration of non-infringement of some twenty patents [fol. 36] owned by *Hazeltine*. Thereafter *Hazeltine* instituted nine suits against *Crosley* in the Southern District of Ohio, charging *Crosley* with infringing fifteen of the twenty patents involved in the Delaware action. The Court of Appeals held that the Delaware District Court had abused its discretion in not exercising its power to enjoin *Hazeltine* from prosecuting the Ohio actions, since it first had jurisdiction of the parties and of the issues. Judge

¹ *Crosley Corporation v. Westinghouse Electric and Mfg. Co.*, 130 F. 2d 474 [54 USPQ 291 and 470], cert. den. 317 U. S. 681 [55 USPQ 494]; *Triangle Conduit & Cable Co., Inc. v. National Electric Products Corp.*, 125 F. 2d 1008 [51 USPQ 425], cert. den. 320 U. S. 784 [59 USPQ 496]; *Crosley Corp v. Hazeltine Corp.*, 122 F. 2d 925 [51 USPQ 1], cert. den. 315 U. S. 813 [52 USPQ 644], reh. den. 315 U. S. 831.

Maris, speaking for the Court, outlined the public policy underlying this decision in the following terms [51 USPQ at 5]:

“ * * * The party who first brings a controversy into a court of competent jurisdiction for adjudication should, so far as our dual system permits, be free from the vexation of subsequent litigation over the same subject matter. The economic waste involved in duplicating litigation is obvious. Equally important is its adverse effect upon the prompt and efficient administration of justice. * * * Courts already heavily burdened with litigation with which they must of necessity deal should therefore not be called upon to duplicate each other's work in cases involving the same issues and the same parties.”

This decision was followed in *Crosley Corp. v. Westinghouse Electric & Mfg. Co.*, 130 F. 2d 474 [54 USPQ 291 and 470], cert den. 317 U. S. 681 [55 USPQ 494], in which the facts were very similar to those in the *Crosley v. Hazeltine* case. The fact that only one day intervened between the institution of the first and second suit was held in the *Westinghouse* case to make no difference. The argument principally relied upon by the defendant in the *Westinghouse* case in resisting an injunction restraining the prosecution of the later suit seems to have been that as the first action was one seeking declaratory relief, the court has discretion to decline to take jurisdiction. The District Court had held that the taking of jurisdiction of the declaratory judgment action was a matter of discretion and that it would in effect decline to take such jurisdiction because it was of the opinion that the natural place for the trial of the patent suit was in the Southern District of Ohio, where the second action had been brought, and because the plaintiff in the declaratory action had shown unseemly haste in filing that action after receiving notice that the other party proposed to bring a patent infringement suit against it immediately. The Court of Appeals reversed, holding that the discretion with respect to the exercise of jurisdiction in a declaratory judgment action is a legal discretion to be exer-

eised in accordance with fixed principles of law, and saying [54 USPQ at 292]:

“ * * * In patent cases, therefore, the district courts may decline jurisdiction of a suit brought in good faith to obtain declaratory relief only if it appears that the same parties and issues are involved in another suit previously begun or that in another suit subsequently begun involving the same parties and issues the questions in controversy between the parties can be better settled and the relief sought by them more expeditiously and effectively afforded than in the declaratory proceeding.”

A variation in the factual situation was presented in *Triangle Conduit & Cable Co., Inc. v. National Electric Products Corporation*, 125 F. 2d 1008, [51 USPQ 425], cert. den. 320 U. S. 784, [59 USPQ 496], which was decided before the *Crosley v. Westinghouse* case. There the declaratory judgment suit was brought by Triangle against National in the District of Delaware seeking a declaration of non-infringement with respect to eleven patents owned by National. Subsequently National filed suit in the Eastern [fol. 38] District of Michigan against Triangle and Sears, Roebuck & Company, charging infringement by Triangle of the patents involved in the declaratory judgment action and by Sears, Roebuck & Company of six of the same patents. Triangle moved in the Delaware District Court for an injunction to restrain National from proceeding with the infringement suit in Michigan. On appeal, the Court of Appeals held that National should be enjoined from prosecuting its suit against Triangle in the Michigan court, but not its suit against Sears, Roebuck & Company. It held the rule of the *Crosley v. Hazeltine* case to be controlling and the presence of a further party, a customer of the alleged infringer, in the later suit to make no difference in the application of that rule, saying [51 USPQ at 426, 427]:

“ * * * We think, however, that the applicability of the rule of the *Crosley* case does not depend on whether or not in the subsequent infringement suit a reselling

customer is joined as an additional defendant pursuant to the broad authority for the joinder of parties and causes of action conferred by Civil Procedure Rules 18 and 20, * * *. For it has long been settled that the cause of action of a patent owner against an infringing manufacturer is wholly separate and distinct from his cause of action against one who resells the infringing product. * * *

"Civil Procedure Rule 21 permits any claim against a party to be severed and proceeded with separately. Consequently even though National is enjoined from proceeding against Triangle it is fully empowered to sever its separate cause of action against Sears, Roebuck & Company and to proceed with the prosecution of that cause of action alone. * * *. Regardless of the presence of the cause of action against Sears, Roebuck & Company in the infringement suit in the Eastern District of Michigan it was the duty of the [fol. 39] court below to enjoin National from proceeding with the cause of action stated in that suit against Triangle until after the present declaratory judgment action has been decided. * * *"

Turning now to the present case we find that the first action was the Chicago suit brought by C-O-Two solely against Acme, Kerotest's customer, for patent infringement. The second action was the present declaratory judgment suit filed by Kerotest against C-O-Two, seeking declaratory relief with respect to the same patents. Kerotest was subsequently made a party defendant to the Chicago suit, over its objections, after the filing of the Delaware action. It may be assumed that as to Kerotest the issues in the two actions are identical.

It seems clear upon the basis of the principles established by the cases which have been summarized above that if Kerotest had never been made a party to the Chicago action, both suits could have proceeded independently to a conclusion, since they would clearly not have involved the same parties and the same issues and it would therefore have not been a proper exercise of discretion for either court to stay the action before it or to enjoin the prosecution of the

other.² This seems to be the exact holding of *Zenith Radio Corporation v. Dictograph Products Co.*, 66 F. Supp. 473, [70 USPQ 309], (D. C. Del. 1946) and in entire conformity with the Triangle case, *supra*.

C-O-Two, either by design or otherwise, did not make Kerotest a party to the Chicago action until after the issues solely between these two parties had been submitted by declaratory judgment action to this Court. I know of no principle by which the choice of forum is solely vested in [fol. 40] C-O-Two so that its subsequent action in making Kerotest a party to the Chicago action would divest the prior jurisdiction in this Court invoked at the instance of Kerotest.

Furthermore it seems to be well established that the action of making Kerotest a party defendant to the Chicago suit, whether or not that may be correctly called an amendment, does not relate back in time to the institution of the Chicago suit. It has been often held that an "amendment" bringing in new parties as contrasted with one correcting a misnomer of a party already before the court does not relate back in time to the filing of the original suit but is akin to the institution of a new action against the new parties.³ Indeed the order of the Chicago Court, itself, by which Kerotest was made a party to that suit expressly makes such joining as a party effective as of March 24, 1950, which is after the institution of this suit.

Where two parties, such as Kerotest and C-O-Two, are before a court and the issues solely between them have priority of filing in that court, a subsequent attempt of either party to intervene in another and earlier action between parties in another jurisdiction has been expressly refused. Such was the holding of *Cresta Blanca Wine Co. v. Eastern Wine Co.*, 143 F. 2d 1012 [62 USPQ 224], and

² It is assumed that there is no question of control by Kerotest of the defense in the Chicago suit.

³ *Godfrey v. Eastern Gas and Fuel Associates*, 71 F. Supp. 176, *Williams v. Pennsylvania Railroad Co.*, D. C. Del. Civil Action No. 1169, (not yet reported); and see *Davis v. Cohen Co.*, 268 U. S. 638.

Speed Products Co. v. Timmerman Products, 171 F. 2d 727 [77 USPQ 447].⁴

In the cited cases the attempts of a party against whom a suit has priority in another jurisdiction to appear in an earlier proceeding has been by way of intervention. [fol. 41] Where these efforts were unsuccessful it would seem a fortiori that the same principle must apply when the attempt is made not by intervention but by bringing in new parties by way of amendment.

According to generally accepted principles, therefore, it seems necessary to regard the Chicago action against Kerotest as a separate suit instituted after the filing of the Delaware action. It appears, therefore, to follow that it would be an abuse of discretion for this court not to enjoin the Chicago action against Kerotest, although the suit against Acme could not be enjoined by this court. The result then would be that both suits, as originally instituted, may proceed to a conclusion.

The question nevertheless arises as to whether this is one of those exceptional cases in which the taking of jurisdiction should be declined in favor of the later suit on the ground that the questions in controversy between the parties can be better settled and the relief sought be more expeditiously and effectively afforded in the Chicago action. The parties with which we are solely concerned are Kerotest and C-O-Two. Nothing is apparent to indicate that the Chicago action will settle the controversy between these parties better or more effectively. A date for the trial of the Chicago action is said to have been set for September, 1950; and this may give some apparent basis for the contention that the litigation there will be concluded more expeditiously. Whether the matter can be heard at that time must be problematical. There is nothing to indicate that with the full cooperation of the defendant, who allegedly is seeking an early trial, the trial in this jurisdiction may not be had expeditiously and some slight delay would seem too slim a basis for departure from recognized principles.

⁴ See also *Camfield Mfg. Co. v. McGraw Electric Co.*, 70 F. Supp. 477 [73 USPQ 343], but possibly contra *Cabot Inc. v. Binney & Smith Co.*, 46 F. Supp. 346 [54 USPQ 76].

The authorities require a granting of the motion of Kerotest and a denial of the motion of C-O-Two; an appropriate order may be submitted.

[fol. 42] IN UNITED STATES DISTRICT COURT

FINDINGS OF FACT AND CONCLUSIONS OF LAW—August 18, 1950

Plaintiff, hereinafter called Kerotest, has moved for a preliminary injunction to enjoin defendant, hereinafter called C-O-Two, from proceeding against Kerotest in a Civil Action which is now pending in the United States District Court for the Northern District of Illinois, Eastern Division, being Civil Action No. 50 C 75 and being hereinafter called the Chicago suit. The defendant, C-O-Two, has moved for an order staying further proceedings in this Delaware action until ten days after the determination of the Chicago suit. The court after hearing and fully considering the arguments of both parties on the motions, makes the following findings of fact and conclusions of law:

Findings of Fact

1. The plaintiff ("Kerotest") is a Pennsylvania corporation and has its offices at Pittsburgh, Pennsylvania. The defendant ("C-O-Two") is a Delaware corporation having its offices at Newark, New Jersey. Kerotest manufactures *inter alia* valves for hand fire extinguishers. Kerotest's right to make and sell these valves as against certain patents owned by C-O-Two is the subject matter in controversy.

2. On August 19, 1947, patent 2,425,779 ("patent '779") was issued to C-O-Two, which was subsequently on August 23, 1949, reissued as patent Re. 23,142. On November 23, 1948, patent 2,454,621 ("patent '621") was issued to C-O-Two. Shortly thereafter C-O-Two charged Kerotest with infringement of the patents. Kerotest denied infringement, asserted that the patents are invalid and invited C-O-Two to bring suit against Kerotest, but C-O-Two did not do so. [fol. 43] 3. On January 17, 1950, C-O-Two commenced the Chicago action solely against Acme Equipment Company, a

customer of Kerotest, charging Acme with the infringement of Patents No. Re. 23,142 and No. 2,454,621, owned by C-O-Two, said alleged infringement being by valves made by Kerotest and incorporated in fire extinguishers manufactured and sold by Acme. Kerotest was not made a party to the original suit and it did not offer to defend Acme, nor did it intervene in that suit.

4. On March 9, 1950, Kerotest, having knowledge of the pendency of the Chicago action, brought the present action against C-O-Two, seeking a declaratory judgment with respect to the same patents as those involved in the Chicago action.

5. On March 22, 1950, no answer having been served in the Chicago suit, C-O-Two filed therein an amendment to its complaint for the purpose of joining Kerotest as a co-defendant with Acme. Kerotest has a resident agent in Chicago, and was served with a copy of the said amendment.

6. On April 21, 1950, the District Court in Chicago denied a motion of Acme for a stay of the Chicago action pending a determination of the present suit.

7. On April 28, 1950, this court entered an order denying an earlier motion of Kerotest for a preliminary injunction to enjoin C-O-Two from prosecuting the Chicago suit, and granting C-O-Two's contemporaneous motion for a stay of the present action, such stay to be for a period of ninety days, without prejudice to the right of either or both parties to renew said motions at the expiration of the ninety-day period.

[fol. 44] 8. An appeal was taken from the order of this court dated April 23, 1950. The United States Court of Appeals for the Third Circuit affirmed the judgment of this court, the mandate being dated July 6, 1950.

9. Theretofore, on May 29, 1950, the District Court in Chicago had denied a motion of Kerotest for an order quashing service upon it, and had adjudged Kerotest to be a party defendant to the Chicago suit as of March 24, 1950. Simultaneously the District Court in Chicago set down the Chicago suit for trial on September 28, 1950. Kerotest thereafter appeared in said action and filed its answer.

Conclusions of Law

1. This court has jurisdiction over the parties and the subject matter of the present suit.

2. Under the rule laid down in the cases of *Crosley Corp. v. Hazeltine Corp.*, *Crosley Corp. v. Westinghouse*, and *Triangle v. National Electric Products*, it is the duty of the federal district court first obtaining jurisdiction of the parties and issues in a patent cause to proceed to adjudicate the controversy and to restrain the parties from seeking to duplicate that adjudication in a later suit in another district court, unless it appears that the questions in controversy between the parties can be better settled and the relief sought by them more expeditiously and effectively afforded in the later suit than in the prior suit.

3. As between Kerotest and C-O-Two, the present declaratory judgment action is prior in time of commencement to the Chicago action against Kerotest, since the making of Kerotest a party defendant in the later suit does not relate [fol. 45] back in time to the institution of the Chicago action, and is subsequent in time to the institution of the present suit.

4. The prior Chicago suit by C-O-Two against Acme does not involve the same parties and issues as the present suit, and therefore affords no ground for the staying of the present action.

5. It does not appear that the Chicago suit, as between C-O-Two and Kerotest, can be better settled or the relief therein sought be afforded more effectively than in the present action or rendered more expeditiously to any material degree.

6. It would be an abuse of discretion for this court to stay the present action or to refuse to enjoin C-O-Two's Chicago suit against Kerotest.

7. Plaintiff's motion for a preliminary injunction must be granted and defendant's motion for a stay must be denied.

(S.) Richard S. Rodney, J.

Dated: August 18, 1950.

[fol. 46] IN UNITED STATES DISTRICT COURT

ORDER GRANTING MOTION FOR PRELIMINARY INJUNCTION AND
DENYING MOTION FOR STAY--September 5, 1950

And now, to wit, this 5th day of September, 1950, the plaintiff having moved for a preliminary injunction enjoining the defendant from prosecuting as against the plaintiff, Kerotest Manufacturing Company, an action now pending in the United States District Court for the Northern District of Illinois, Eastern Division, Civil Action No. 50 C 75, and the defendant having moved for an order staying further proceedings in this action until ten days after final determination of said Civil Action No. 50 C 75, and the court having heard counsel for the parties and having fully considered the arguments and the pleadings, affidavits, exhibits and other documents on file herein,

It is ordered that plaintiff's motion for a preliminary injunction be and the same hereby is granted, and the defendant, C-O-Two Fire Equipment Company, is accordingly enjoined until the further order of this court from prosecuting, as against Kerotest Manufacturing Company, an action now pending in the United States District Court for the Northern District of Illinois, Eastern Division, Civil Action No. 50 C 75, wherein C-O-Two Fire Equipment Company is plaintiff, Acme Equipment Company is the original defendant and Kerotest Manufacturing Company was made a defendant by an order nunc pro tunc having effective date of March 24, 1950, without prejudice however to the right of C-O-Two Fire Equipment Company to proceed against Acme Equipment Company in that action.

The foregoing injunction is conditioned upon the giving of security by Kerotest Manufacturing Company in the amount of Five Hundred Dollars (\$500.00) for the payment of such costs or damages as may be incurred or suffered by C-O-Two should it be found that it has been wrongfully enjoined or restrained.

[fols. 47-48]

Order

And it is further ordered that the motion of C-O-Two Fire Equipment Company for a stay of the proceedings herein be and the same hereby is denied.

And it is further ordered that the time within which defendant C-O-Two Fire Equipment Company may move, answer or otherwise plead be and the same hereby is extended until ten days after the date hereof.

(S.) Richard S. Rodney, J.

Approved as to form:

(S.) Aaron Finger, Attorney for Plaintiff. (S.) Arthur G. Connolly, JB, Attorney for Defendant.

[fol. 49] SUPPLEMENTAL APPENDIX TO BRIEF

UNITED STATES COURT OF APPEALS FOR THE THIRD CIRCUIT

No. 10,200

KEROTEST MANUFACTURING COMPANY, Appellant,

v.

C-O-TWO FIRE EQUIPMENT COMPANY

Appeal from the United States District Court for the District of Delaware

Argued May 25, 1950.

Before Maris, Kalodner, and Hastie, Circuit Judges

OPINION OF THE COURT—Filed June 16, 1950

By HASTIE, Circuit Judge:

This is an appeal from an order of the District Court for the District of Delaware denying a preliminary injunction sought to restrain the prosecution of a suit pending in the District Court for the Northern District of Illinois.

The controversy concerns the validity and alleged infringement of two patents. It is the contention of C-O-Two Fire Equipment Company, a Delaware corporation, that in the manufacture and sale of certain fire extinguishing equipment Kerotest Manufacturing Company, a Pennsylvania corporation, has infringed its patents. Kerotest filed

the present suit in Delaware seeking a declaratory judgment decreeing the invalidity of the patents in question and there- [fol. 50] after moved for a preliminary injunction to restrain C-O-Two from going forward with certain litigation in Illinois concerning the same patents. C-O-Two countered with a motion for a stay of the Delaware proceedings until after final determination of the Illinois suit. The district court disposed of both motions by an order (1) denying the motion for preliminary injunction, (2) staying the Delaware proceedings for 90 days and (3) expressly according to each party the privilege of renewing its motion without prejudice upon the expiration of the 90-day period.

The order is based upon findings of fact which are consistent with affidavits properly before the court. The district court found that the Illinois suit, charging patent infringement, was filed January 11, 1950, by C-O-Two against Acme Equipment Co., an Illinois corporation; that it involved the patents later brought into controversy in this Delaware suit; that some of the structures accused as infringement in the Illinois suit were manufactured by Kerotest and sold to Acme; that Kerotest commenced the present suit on March 9, 1950; that on March 22, 1950 C-O-Two filed an amendment to its Illinois complaint for the purpose of adding as a party defendant Kerotest, which is licensed to do business and has a resident agent in Illinois; that no answer had been filed in either suit; that there was pending in the Illinois suit a motion by Acme to stay the Illinois proceedings until after the disposition of the Delaware suit.¹ [fol. 51] We think the district court did not abuse its discretion. Three parties are involved in the Illinois suit and the status of one of them, Kerotest, in that suit is not entirely clear. Two of these parties are litigating in Delaware. It seems to us that in limiting the Delaware stay to 90 days and in making explicit the privilege of Kerotest at the expiration of that period to renew its motion

¹ In argument before this court it was pointed out that the motion for a stay has now been denied in Illinois; that the procedure by which Kerotest was brought into that suit has been challenged and that there is some uncertainty about the probable time of trial in Illinois. These developments occurred after the hearing below.

to restrain C-O-Two from proceeding against it in Illinois, the district court did no more than to withhold its hand pending disposition of motions in Illinois, receipt of more information concerning the controverted status of Kerotest in the Illinois suit, better advice on the probable time of trial in Illinois and perhaps other intelligence.² Although injunctions of the type here sought operate against parties rather than courts, their effect upon the business of competent sister tribunals is such that courts are proper, cautious in their issuance and reluctant to act until entirely sure of the premises and of the equities and proprieties involved. It may well be that the additional information available at the end of the waiting period will be helpful to the learned District Judge in determining, if required to do so, which suit should proceed to trial under the guiding principles recently expounded by this court in *Crosley Corporation v. Westinghouse Electric and Mfg. Co.*, 130 F. 2d 474 (1942), *Triangle Conduit & Cable Co., Inc. v. National Electric Products Corporation*, 125 F. 2d 1008 (1942) and [fol. 52] *Crosley Corporation v. Hazeltine Corporation*, 122 F. 2d 925 (1941).

The 90-day period began to run April 28, 1950. It will soon expire. If Kerotest then believes that it is entitled to have C-O-Two restrained from proceeding against it in Illinois, it can renew its motion without prejudice.

The judgment will be affirmed.

² We have not overlooked the conclusion of law below that "Under the controlling authority of *Triangle Conduit & Cable Co. v. National Electric Products Corp.*, 125 F. 2d 1008 (3rd Cir. 1942), this court could not enjoin C-O-Two from seeking a final adjudication against Acme in the Chicago suit." However, on this appeal there is no claim that proceedings against Acme should or could have been enjoined but rather that proceedings against Kerotest should have been restrained.

[fol. 53] UNITED STATES COURT OF APPEALS FOR THE THIRD
CIRCUIT

No. 10302

KEROTEST MANUFACTURING COMPANY,

v.

C-O-TWO FIRE EQUIPMENT COMPANY, Appellant

APPEAL FROM THE UNITED STATES DISTRICT COURT FOR THE
DISTRICT OF DELAWARE

Argued December 4, 1950

Before Biggs, Chief Judge and Goodrich and Kalodner,
Circuit Judges.

OPINION OF THE COURT—Filed February 19, 1951

By Biggs, *Chief Judge*.

Kerotest Manufacturing Company, the plaintiff in the instant proceeding, sued C-O-Two Fire Equipment Company for a declaratory judgment to have two patents owned by C-O-Two, Re. 23,142 and 2,454,621, declared invalid. The suit at bar was commenced on March 9, 1950. Kerotest is a manufacturer of valves for use in portable carbon dioxide fire extinguishers. C-O Two manufactures similar extinguishers.

On January 17, 1950, C-O-Two sued Acme Equipment Company, Inc. in the United States District Court for the Northern District of Illinois, charging Acme with infringing the two patents previously referred to by "making [fol. 54] . . . and selling . . . squeeze grip valves and discharge heads for portable carbon dioxide fire extinguishers . . .". This proceeding is generally referred to as the "Chicago suit".

¹ In the complaint in the instant case Kerotest refers to another earlier action brought against The General-Detroit Corporation by C-O-Two. This suit was filed in August, 1949, and settled in January, 1950, by a consent decree. We will make no further reference to it since it is irrelevant to the issues presented by the instant appeal.

Kerotest did not intervene in the Chicago action and apparently did not offer to defend Acme; instead according to an affidavit executed by Roush, Kerotest's president, it brought the instant suit for a declaratory judgment. Thereafter, on March 22, 1950, C-O-Two moved to have Kerotest made an actual party defendant in the Chicago litigation. Two days later Acme filed a motion in the Chicago action to stay that proceeding because the instant suit had been brought by Kerotest. On March 25, C-O-Two moved for a stay in this proceeding pending the prosecution of the Chicago action. On March 29, Kerotest made a motion in the instant suit to enjoin prosecution of the Chicago litigation either as a whole or as to it.

C-O-Two's motion for a stay and Kerotest's motion for an injunction came on for hearing before Chief Judge Leahy on April 21, 1950. Kerotest argued that it had not been properly joined in the Chicago action but that even if it had been so joined, that joinder had not taken place until after it had filed the instant suit. Kerotest pointed out that the Chicago litigation was filed first; that it involved the same controversy as the suit at bar, viz., the same patents and the same infringing devices, even if the parties were not the same. C-O-Two insisted that unnecessary duplication of litigation would be avoided by staying the instant case. Judge Leahy held that the court below could not enjoin C-O-Two from seeking a final adjudication against Acme in the Chicago suit and, further, that it would be an abuse of discretion to do so. He stated that inasmuch as the Chicago suit was scheduled for an early trial it would be more economical "of judicial time" [fol. 55] for Kerotest to contest the issues in Illinois as a co-defendant rather than consume the time of the United States District Court in Delaware in "duplicate litigation." Judge Leahy also pointed out that there was no vested right in a litigant to have a case tried by one judge rather than by another.² He stayed the proceedings for ninety days providing that both parties might renew their motions thereafter, it being his intention to see how the Chicago litigation proceeded within that period for though answers had not been filed a date for trial of the Chicago suit had already been set.

² No opinion reported for publication.

Kerotest appealed to this court which affirmed the judgment. 182 F. 2d 773. By the time the case was argued on appeal, Acme's motion for a stay in the Chicago litigation had been denied and Kerotest had moved the United States District Court for the Northern District of Illinois to dismiss the Chicago suit as to it. These facts are alluded to in a footnote to Judge Hastie's opinion. It appeared from the arguments on that appeal that Kerotest had abandoned its effort to have the Chicago suit stayed in its entirety and limited its position to asking that that action be restrained only insofar as it involved Kerotest.

When the ninety day period provided by Judge Leahy's judgment had expired, Acme's motion in the Chicago suit for a stay because of the pendency of the instant case had been denied and Acme had filed an answer. Kerotest had moved to quash the service and to dismiss the case as to it. These motions had been denied and the Illinois Court had entered an order on May 29, 1950, *nunc pro tunc* as of March 24, 1950 making Kerotest a party-defendant as of March 24, 1950, C-O-Two having amended its complaint to that end. Kerotest also had filed an answer. The trial date had been reset for September 28, 1950 by agreement of counsel since the original trial date of July 8 could not be adhered to.

[fol. 56] On July 21, 1950 Kerotest moved for a preliminary injunction to restrain C-O-Two from proceeding with the Chicago litigation and on that day also C-O-Two moved for a stay of the instant suit pending disposition of the Chicago litigation. These motions were heard by Judge Rodney in the court below. He concluded, 92 F. Supp. 943, that the motion of the plaintiff, Kerotest, for a preliminary injunction restraining the defendant, C-O-Two, from proceeding against Kerotest in the Chicago action should be granted and that the motion of C-O-Two for an order staying further proceedings in the instant suit until ten days after the final determination of the Chicago action should be denied.

The court below based its decision on *Crosley Corporation v. Hazeltine Corporation*, 122 F. 2d 925, 930, *Crosley Corp. v. Westinghouse Electric & Mfg. Co.*, 130 F. 2d 474, 475, and *Triangle Conduit & Cable Co., Inc. v. National Electric Products Corporation*, 125 F. 2d 1008, 1009, all decided by this court. Judge Rodney concluded properly

that the same subject matter was before the Illinois court and the Delaware court but went on to hold in effect that because on March 9, 1950, when the suit at bar was filed, Kerotest had not been made a party in the Chicago suit, the rule of the *Hazeltine, Westinghouse and Electric Products* cases required a stay of the proceedings in Illinois while the Delaware litigation was prosecuted. Judge Rodney pointed out also that an amendment of the kind effected by C-O-Two as of March 24, 1950, whereby Kerotest was made a party to the Chicago litigation "... does not relate back in time to the filing of the original suit but is akin to the institution of a new action against the new parties."³

We cannot agree with the conclusions reached. To the end that our position may be made plain we state again that the parties to the action at bar are Kerotest and C-O-Two; that the parties to the Chicago suit are C-O-Two and Acme [fol. 57] and Kerotest, but that Kerotest did not become a party to the Chicago action until as of March 24, 1950, whereas the instant suit was brought on March 9, 1950. We do not think that the rule of the cited decisions requires the order made by the court below. The question which must be answered is: in which jurisdiction can the ends of justice be served best? We stated this in the *Westinghouse* decision, 130 F. 2d at p. 475, pointing out that the real question was not whether "another suit" had been "previously" or "subsequently" begun between the parties but whether the relief sought could be "more expeditiously and effectively afforded [in the other suit] than in the declaratory proceeding".

To effect a simile, the whole of the war and all the parties to it are in the Chicago theatre and there only can it be fought to a finish as the litigations are now cast. On the other hand if the battle is waged in the Delaware arena there is a strong probability that the Chicago suit nonetheless would have to be proceeded with for Acme is not and cannot be made a party to the Delaware litigation. The Chicago suit when adjudicated will bind all the parties in both cases. Why should there be two litigations where one will suffice? We can find no adequate reason. We assume,

³ See the authorities contained in note 3 cited to the text at p. 947, 92 F. Supp.

of course, that there will be prompt action in the Chicago theatre.

The order of the court below will be reversed and the cause remanded with the direction to enter an order staying further proceedings in this action until ten days after the final determination of the Chicago suit. If, however, the prosecution of the Chicago suit be unreasonably delayed, this court will entertain an application for a modification of the order.

A true Copy:

Taste:

_____, Clerk of the United States Court of Appeals for the Third Circuit.

[fol. 58] UNITED STATES COURT OF APPEALS FOR THE THIRD CIRCUIT

No. 10,302

KEROTEST MANUFACTURING COMPANY

vs.

C-O-TWO FIRE EQUIPMENT COMPANY, Appellant

On Appeal from the United States District Court for the District of Delaware

Present:

Judgment

This cause came on to be heard on the record from the United States District Court for the District of Delaware and was argued by counsel.

On consideration whereof, it is now here ordered and adjudged by this Court that the order of the said District Court in this case be, and the same is hereby reversed, with costs, and the cause remanded with direction to enter an order staying further proceedings in this action until ten days after the final determination of the Chicago suit.

Attest:

Ida O. Creskoff, Clerk.

February 19, 1951.

Received & Filed Feb. 19, 1951. Ida O. Creskoff, Clerk.

[fol. 59] IN THE UNITED STATES COURT OF APPEALS FOR THE
THIRD CIRCUIT

No. 10,302

KEROTEST MANUFACTURING COMPANY, Plaintiff-Appellee,

vs.

C-O-TWO FIRE EQUIPMENT COMPANY, Defendant-Appellant.

Petition and Affidavit for Extension of Time for Filing
Petition for Rehearing

Feb. 27, 1951

Time for filing Petition for Rehearing is hereby extended
to March 13, 1951.

Kalodner, Circuit Judge.

John F. C. Glenn, Attorney for Plaintiff-Appellee.

Richards, Layton & Finger,
Smith, Buchanan & Ingersoll,
Blenko, Hoopes, Leonard & Glenn,
Of Counsel.

February 26, 1951.

Received & Filed Feb. 27, 1951. Ida O. Creskoff, Clerk.

[fol. 60] The plaintiff-appellee petitions for a one-week
enlargement of the fifteen-day period for filing a petition
for rehearing allowed by Rule 33 of the Court following
the date of the judgment and opinion of the Court filed
on February 19, 1951.

A supporting affidavit is annexed.

Respectfully submitted, Kerotest Manufacturing
Company, by [signed] John F. C. Glenn, Attorney
for Plaintiff-Appellee.

Richards, Layton & Finger,
Smith, Buchanan & Ingersoll,
Blenko, Hoopes, Leonard & Glenn,
Of Counsel.

February 26, 1951.

[fol. 61] IN THE UNITED STATES COURT OF APPEALS FOR THE
THIRD CIRCUIT

No. 10,302

KEROTEST MANUFACTURING COMPANY, Plaintiff-Appellee,

VS.

C-O-TWO FIRE EQUIPMENT COMPANY, Defendant-Appellant

Affidavit

COMMONWEALTH OF PENNSYLVANIA,
County of Allegheny, ss:

JOHN F. C. GLENN, being duly sworn, deposes and says that:

I am a member of the firm of Blenko, Hoopes, Leonard & Glenn, 1319 Farmers Bank Building, Pittsburgh 22, Pennsylvania, am one of the counsel of record for the plaintiff-appellee in the above-entitled appeal, and am admitted to practice before this honorable Court.

The Court filed its judgment and opinion on the above-identified appeal on February 19, 1951 and the fifteen-day period allowed under Rule 33 of the Court for filing a petition for rehearing expires on March 6, 1951.

[fol. 62] An additional week for filing the petition for rehearing is requested because Mr. Walter J. Blenko, who is the principal attorney of the plaintiff-appellee on the appeal and who argued the appeal, has been in the South since before February 19 and is not expected back at his office before March 5, 1951. He had just completed the trial of a case in Georgia when the judgment on the above-identified appeal was filed, and is expected to attend a conference in Georgia on March 1, 1951 before driving back to Pittsburgh.

The plaintiff-appellee's petition for enlargement of time is presented in good faith and not for delay.

(Signed) John F. C. Glenn.

Subscribed and sworn to before me this 26th day of February, 1951. (Signed) Charles E. Bauer, Notary Public. My commission expires January 29, 1954. [Notarial Seal.]

[fol. 63]

Petition for Rehearing

Kerotest Manufacturing Company, plaintiff-appellee herein, petitions for a rehearing of the appeal decided by this Court on February 19, 1951, on the following ground:

1. The instant decision is based upon a ground that was "not set forth in or necessarily suggested by the statement of questions involved" * and upon which petitioner has had no opportunity to be heard.

2. The instant decision puts an interpretation on the earlier opinion of this Court in *Crosley v. Westinghouse*, 130 F. 2d 474, which is believed to be contrary to the actual intendment thereof, which petitioner could not have reasonably anticipated, and upon which petitioner has had no opportunity to be heard.

3. The instant decision is believed to be in conflict with decisions of the Court of Appeals for the Second Circuit; *Cresta Blanca Wine Co., Inc. v. Eastern Wine Corporation*, (1944) 143 F. 2d 1012; and the Court of Appeals for the District of Columbia; *Speed Products Co. v. Tinnerman Products*, (1948) 171 F. 2d 727.

4. The instant decision is believed to be in conflict with, and to have the effect of overruling, the earlier decisions of this Court (notably *Triangle v. National*, 125 F. 2d 1008) which, by the terms of Judge Hastie's opinion herein, 182 [fol. 64] F. 2d 773, Judge Rodney was instructed to follow and did follow.

Respectfully submitted, Walter J. Blenko, John F. C. Glenn, Aaron Finger, Attorneys for Plaintiff-Appellee. Richards, Layton & Finger, Smith, Buchanan & Ingersoll, Blenko, Hoopes, Leonard & Glenn, of Counsel.

March 10, 1951.

Certificate of Counsel

I am of counsel for the petitioner herein. I hereby certify that this petition is presented in good faith and not for delay.

Walter J. Blenko.

* Rule 24(2)(b) of this Court.

[fol. 65]

Brief in Support of Petition

This petition is filed pursuant to Rule 33 of this Court. The judgment was entered February 19, 1951, and by order dated February 27, 1951, the time for filing the petition was enlarged to and including March 13, 1951.

The several grounds of the petition will be discussed in correspondingly numbered sections of this brief.

1

Both of defendant's "questions presented" suggested an abuse of discretion by Judge Rodney. The instant opinion of this Court does not discuss and in nowise suggests that there was any abuse of discretion.

The first question posed by defendant was whether there had been an abuse of discretion by reason of "disregard" of the "law of the case." At the argument on December 4, 1950, petitioner's counsel was advised by the Court in substance that it did not desire argument on the question. It was under this first question that defendant made the contention that "it would be more economical 'of judicial time' for plaintiff herein [Kerotest] to contest the issues [in Chicago] as co-defendant rather than to take the time of this Court in duplicate litigation"; cf. p. 5 of the instant opinion.

Defendant's second question was whether Judge Rodney had abused his discretion in enjoining the Chicago action insofar as it involved Kerotest, predicated that the Chicago action was the "earlier filed" one. The instant opinion makes it clear that, as between Kerotest and C-O-Two, this action is prior to the Chicago action.

[fol. 66] Rule 24(2) (b) of this Court states that "ordinarily no point will be considered which is not set forth in or necessarily suggested by the statement of questions involved." As shown above, neither of the questions posed by defendant-appellant is the basis of the decision. To the contrary, the instant opinion poses a materially different question (p. 5) and is based upon a resolution of that question.

We do not contend that Rule 24(2) (b) precludes the Court from disposing of the appeal in this manner; we do respectfully submit that petitioner has had no real opportunity to be heard on the question posed in and resolved by the instant opinion.

We respectfully submit that in relegating petitioner to Chicago in the instant case this Court has in substance done what it reversed Judge Gibson for doing in *Crosley v. Westinghouse*. In *Westinghouse*, Judge Maris said (p. 475):

"In patent cases, therefore, the district courts may decline jurisdiction of a suit brought in good faith to obtain declaratory relief ONLY if it appears that the same parties and issues are involved in another suit previously begun or that in another suit subsequently begun involving the same parties and issues the questions in controversy BETWEEN THE PARTIES can be BETTER settled and the relief sought BY THEM MORE expeditiously and effectively afforded than in the declaratory proceeding." *

As between Kerotest and C-O-Two, the Chicago action is the one which was "subsequently begun" and, therefore, is analogous to the Ohio infringement case discussed in [fol. 67] *Westinghouse*.† Judge Gibson concluded that Ohio was the "natural place" for the disposition of the controversy but this Court reversed because there was no proof that relief could be more expeditiously and effectively afforded in Ohio than in Pennsylvania.

There is no finding, and no basis for a finding, herein that "the questions in controversy between the parties" hereto can be more expeditiously and effectively afforded in Chicago than in Wilmington. The fact that C-O-Two's separate quarrel with Acme can be heard at the same time in Chicago does not mean that "the relief sought" by Kerotest, or by C-O-Two, is better afforded in Chicago; cf. *Triangle v. National*, 125 F. 2d 1008, quoted *infra*, p. 10. And simple equality of opportunity for relief is not sufficient ground for staying a declaratory action; Civil Rule 54; *Bliss v. Cold Metal* (C.A. 6, 1939) 102 F. 2d 105, 109.

* Emphasis supplied.

† In *Westinghouse*, however, the Ohio complaint was in the mail for filing at the time the declaratory action was begun; in the case at bar C-O-Two admittedly enlarged the Chicago action to include Kerotest only because the present declaratory action had been brought.

The presence of Acme in the Chicago action is comparable to the presence of the additional patents in the Ohio action involved in *Westinghouse*. To paraphrase the instant opinion: "The [Ohio] suit when adjudicated will bind all the parties [as to all patents] in both cases. Why should there be two litigations where one will suffice?" It seems clear, therefore, that, as stated, the instant opinion adopts a *rationale* which the Court said was erroneous when applied by Judge Gibson in *Westinghouse*.

No question of transfer under 28 U.S.C. 1404 is involved. C-O-Two made no attempt to invoke Section 1404 and it [fol. 68] seems obvious that with C-O-Two incorporated in Delaware, having its principal offices in New Jersey and its patent counsel in New York, Delaware is the more convenient forum for C-O-Two as well as for Kerotest. As Judge Rodney pointed out, no material time difference is involved. Clearly, Delaware is the forum in which the dispute between the parties can be at least as "expeditiously and effectively afforded" as in Chicago; *Bliss v. Cold Metal*, *supra*.

3

Cresta Blanca Wine Co., Inc. v. Eastern Wine Corporation, (C.A. 2, 1944) 143 F. 2d 1012, was a suit for trade-mark infringement brought by Cresta Blanca against Eastern by reason Eastern's use of "Casa Blanca" coupled with a declaratory action seeking a judgment that Cresta could continue to use its trade-mark "Cresta Blanca" free from any claim by Eastern of priority in the use of "Casa Blanca". Eastern thereafter filed two actions in Delaware—one against Cresta and the other against Cresta's parent company, Schenley, charging infringement of Eastern's mark "Casa Blanca" by reason of the use of "Cresta Blanca" by Cresta and Schenley. Schenley thereupon sought leave to intervene in the New York action and joined with Cresta in moving to stay further prosecution of the Delaware actions pending the disposition of the action in New York. The District Court also refused to enjoin the prosecution of the Delaware actions and denied Schenley's application to intervene.

The Court of Appeals affirmed in part and reversed in part. It held on the authority of many decisions, including *Crosley v. Hazeltine* and *Crosley v. Westinghouse*, that [fol. 69] Eastern's prosecution of its Delaware action

against Cresta should have been enjoined. It affirmed the District Court in denying a stay of Eastern's action against Schenley. It pointed out that Schenley was not entitled to intervene but that if intervention had been granted it would not have related back to the filing of the original complaint by Cresta in New York.†† It then said (pp. 1014-5):

"Therefore Schenley's proposed intervention against Eastern would have been the later action between them and the very principle Schenley invokes would require staying the New York action rather than the Delaware suit."

We submit, therefore, that there is a direct conflict between the decision in *Cresta Blanca v. Eastern* and the instant decision at bar.

Speed Products Co. v. Tinnerman Products, et al., (C.A. D.C. 1948) 171 F. 2d 727, was commenced as an action solely against the Commissioner of Patents to compel him to register the trade-mark "Speed." Prior to this, Tinnerman had successfully opposed the application for the trade-mark on the basis of its own use of a like trade-mark. A week after the commencement of the action against the Commissioner, Speed Products commenced a second action in New York—this one against Tinnerman. In the New York action it sought relief under R.S. 4915, 35 U.S.C. 63; it also sought a declaratory judgment that Speed Products was not infringing Tinnerman's trade-marks and sought an injunction restraining Tinnerman from threatening Speed Products or its customers with infringement suits. Thereafter, Tinnerman was given leave to intervene in the District of [fol. 70] Columbia action. Having intervened, Tinnerman filed an answer to the original complaint resisting the registration of "Speed" by Speed Products and filed a counterclaim praying for a declaratory judgment that its own trade-marks were valid and for an injunction and damages by reason of Speed Products' infringement thereof.

The District Court in the District of Columbia enjoined Speed Products from proceeding with the action under R.S. 4915 in New York and directed that the trial of the R.S. 4915 issue be advanced in the District of Columbia. The Court of Appeals reversed. It held on the authority of such cases as *Triangle v. National* and *Crosley v. Hazeltine* that

†† cf. p. 5 of the instant decision.

the District Court had the power to grant the injunction and then proceeded to the question of whether it had abused its discretion in doing so. It held that the injunction should not have been granted "for the reason that the action in the New York court was the first of the two actions between Speed Products and Tinnerman." Following the decision in *Cresta Blanca v. Eastern*, it then said (p. 731):

"It may be urged that to set aside the injunction and thus permit the action in the New York court to proceed first is to legitimize the bringing of two suits by a plaintiff against the same defendant on the same cause of action in two different jurisdictions at substantially the same time and that such duplication with consequent burden to the courts should not be permitted. The answer to this is that Speed Products brought no action against Tinnerman in the District of Columbia court, but only in the New York court. It had a right to sue Tinnerman in New York if it saw fit to do so."

If this is sound in the circumstances of the *Speed Products* case it is sound *a fortiori* in the circumstances of the [fol. 71] case at bar: Kerotest did not intervene or bring any action against C-O-Two in Chicago; C-O-Two did not originally sue Kerotest in Chicago although it had the right to do so; it moved against Kerotest in Chicago only after the action at bar had been brought in Wilmington.

We submit, therefore, that there is a direct conflict between the decision in *Speed Products v. Tinnerman* and the instant decision at bar.

4

Judge Hastie's opinion on the earlier appeal herein, 182 F. 2d 773, held that Judge Leaby did not abuse his discretion in staying the proceedings herein for ninety days, affirmed Kerotest's right to renew its motion without prejudice at the end of the ninety day period and instructed the District Court, in the event of such renewal, to follow "the guiding principles recently expounded by this court" in *Crosley v. Westinghouse*, *Triangle v. National* and *Crosley v. Hazeltine*.

Of the three cases mentioned, *Triangle v. National* has the greatest similarity on its facts because the action therein sought to be enjoined involved not only the parties to the declaratory action but also a customer of the defend-

ant in the declaratory action. Judge Nields refused an injunction, 38 F. Supp. 533. He seems to have followed the same reasoning that is followed in the instant decision because he pointed out that, while issues of validity and infringement of "the same patents" were involved in both cases, "full relief"—i.e., relief against both alleged infringers—"can be had only in the Detroit action."

[fol. 72] Triangle appealed. This Court might have said, as in the instant decision:

"To effect a simile, the whole of the war and all the parties to it are in the [Detroit] theatre and there only can it be fought to a finish as the litigations are now cast. On the other hand if the battle is waged in the Delaware arena there is a strong probability that the [Detroit] suit nonetheless would have to be proceeded with for [Sears Roebuck] is not and cannot be made a party to the Delaware litigation. The [Detroit] suit when adjudicated will bind all parties in both litigations. Why should there be two litigations where one will suffice? We can find no adequate reason."

Such a decision would have led to an affirmance of Judge Nields. Instead of so deciding this Court reversed. It pointed out that if National wanted to sever its cause of action against Sears Roebuck and proceed with that alone it was free to do so, but (p. 1009):

"Whether National does so *is of no concern* to Triangle or *to the district court in Delaware* unless the prosecution of that cause of action can be shown to be a means of unfair competition with Triangle. But the prosecution of National's independent cause of action against Sears, Roebuck & Company MAY NOT BE MADE THE BASIS FOR TRANSFERRING THE ADJUDICATION OF THE CONTROVERSY BETWEEN TRIANGLE AND NATIONAL from the district court in Delaware which *first* assumed jurisdiction of it to the district court in Michigan *to which National subsequently sought to take it*. Regardless of the presence of the cause of action against Sears, Roebuck & Company in the infringement suit in the Eastern District of Michigan it was the DUTY of the court below to enjoin National from proceeding with the cause of action stated in that suit against TRIANGLE until after the present declaratory judgment action has

been decided. We are satisfied that if we were to hold [fol. 73] otherwise the salutary rule laid down in the Crosley case would be largely nullified." *

In the case at bar Judge Rodney followed the rule thus laid down by this Court in the *Triangle* case.

It was purely fortuitous that C-O-Two, sedulously avoiding litigation with Kerotest until after Kerotest initiated the present action, was able to effect service upon Kerotest in Chicago; it was equally fortuitous that National was able to effect service on Triangle in Detroit. National's attempt to avoid an adjudication in the first action between Triangle and National was disapproved by this Court; C-O-Two's attempt to avoid an adjudication in the first action between Kerotest and C-O-Two is approved by the instant decision. The fact that "two litigations" would result from the Triangle decision was deemed to be of no moment; here it is made controlling.

Conclusion

It is respectfully submitted that the instant decision is in conflict with earlier decisions by this Court and other United States Courts of Appeals, as well as with Civil Rule 57; that petitioner, having followed the earlier decisions of this Court in the bringing of the action at bar in the circuit where both parties are domiciled, should not be remitted to a district in which neither party is domiciled by the enunciation of a rule at least twice rejected in the earlier decisions of this Court, without first being afforded a full [fol. 74] opportunity to be heard upon the question; and that to that end the foregoing petition should be granted.

Respectfully submitted, Walter J. Blenko, John F. C. Glenn, Aaron Finger, Attorneys for Plaintiff-Appellee.

Richards, Layton & Finger, 4072 DuPont Building, Wilmington 11, Delaware.

Smith, Buchanan & Ingersoll, 1025 Union Trust Building, Pittsburgh 19, Pennsylvania.

Blenko, Hoopes, Leonard & Glenn, 1319 Farmers Bank Building, Pittsburgh 22, Pennsylvania, of counsel.

March 10, 1951.

* Emphasis supplied.

[fol. 75] UNITED STATES COURT OF APPEALS FOR THE THIRD
CIRCUIT

No. 10,302

KEROTEST MANUFACTURING COMPANY

vs.

C-O-TWO FIRE EQUIPMENT COMPANY, Appellant

Present: Biggs, Chief Judge, and GOODRICH and KALODNER,
Circuit Judges

It is hereby Ordered that the above-entitled case be set
for reargument before the court en banc on Friday, April
20, 1951.

By the Court,

Biggs, Chief Judge.

April 3, 1951.

(Received & Filed April 3, 1951. Ida O. Creskoff, Clerk.)

[fol. 76] UNITED STATES COURT OF APPEALS FOR THE THIRD
CIRCUIT

No. 10302

KEROTEST MANUFACTURING COMPANY

v.

C-O-TWO FIRE EQUIPMENT COMPANY, Appellant

And now, to wit, this 24th day of May, 1951 it is ordered
that the opinion heretofore filed in the above case be and
the same hereby is withdrawn.

Biggs, Chief Judge.

Endorsements: 10,302. Order Withdrawing Opinion of
Feb. 19, 1951. Received and Filed, May 24, 1951. Ida O.
Creskoff, Clerk.

[fol. 77] UNITED STATES COURT OF APPEALS FOR THE THIRD
CIRCUIT

No. 10302

KEROTEST MANUFACTURING COMPANY,

v.

C-O-TWO FIRE EQUIPMENT COMPANY, Appellant

Appeal from the United States District Court for the
District of Delaware

Argued December 4, 1950

Reargued April 20, 1951

Before Biggs, Chief Judge, and Maris, Goodrich, McLaughlin, Kalodner, Staley and Hastie, Circuit Judges

OPINION OF THE COURT—Filed May 24, 1951

By Biggs, Chief Judge.

Kerotest Manufacturing Company, the plaintiff in the instant proceeding, sued C-O-Two Fire Equipment Company for a declaratory judgment to have two patents owned by C-D-Two, Re. 23,142 and 2,454,621, declared invalid. The suit at bar was commenced on March 9, 1950. Kerotest is a manufacturer of valves for use in portable carbon dioxide fire extinguishers. C-O-Two manufactures similar extinguishers.

On January 17, 1950, C-O-Two sued Acme Equipment Company, Inc. in the United States District Court for the [fol. 78] Northern District of Illinois, charging Acme with infringing the two patents previously referred to by "making . . . and selling . . . squeeze grip valves and discharge heads for portable carbon dioxide fire extinguishers . . ."¹

¹ In the complaint in the instant case Kerotest refers to another earlier action brought against The General Detroit Corporation by C-O-Two. This suit was filed in August, 1949, and settled in January, 1950, by a consent decree. We will make no further reference to it since it is irrelevant to the issues presented by the instant appeal.

This proceeding is generally referred to as the "Chicago suit".

Kerotest did not intervene in the Chicago action and apparently did not offer to defend Acme; instead according to an affidavit executed by Roush, Kerotest's president, it brought the instant suit for a declaratory judgment. Thereafter, on March 22, 1950, C-O-Two moved to have Kerotest made an actual party defendant in the Chicago litigation. Two days later Acme filed a motion in the Chicago action to stay that proceeding because the instant suit had been brought by Kerotest. On March 25, C-O-Two moved for a stay in this proceeding pending the prosecution of the Chicago action. On March 29, Kerotest made a motion in the instant suit to enjoin prosecution of the Chicago litigation either as a whole or as to it.

C-O-Two's motion for a stay and Kerotest's motion for an injunction came on for hearing before Chief Judge Leahy on April 21, 1950. Kerotest argued that it had not been properly joined in the Chicago action but that even if it had been so joined, that joinder had not taken place until after it had filed the instant suit. Kerotest pointed out that the Chicago litigation was filed first; that it involved the same controversy as the suit at bar, viz., the same patents and the same infringing devices, even if the parties were not the same. C-O-Two insisted that unnecessary duplication of litigation would be avoided by staying the instant case. Judge Leahy held that the court below could not enjoin C-O-Two from seeking a final adjudication against Acme in the Chicago suit and, further, that it would be an abuse of [fol. 79] discretion to do so. He stated that inasmuch as the Chicago suit was scheduled for an early trial it would be more economical "of judicial time" for Kerotest to contest the issues in Illinois as a co-defendant rather than consume the time of the United States District Court in Delaware in "duplicate litigation." Judge Leahy also pointed out that there was no vested right in a litigant to have a case tried by one judge rather than by another.² He stayed the proceedings for ninety days providing that both parties might renew their motions thereafter; it being his intention to see how the Chicago litigation proceeded within that period for though answers had not been filed a date for trial of the Chicago suit had already been set.

² No opinion reported for publication.

Kerotest appealed to this court which affirmed the judgment. 182 F. 2d 773. By the time the case was argued on appeal, Acme's motion for a stay in the Chicago litigation had been denied and Kerotest had moved the United States District Court for the Northern District of Illinois to dismiss the Chicago suit as to it. These facts are alluded to in a footnote to Judge Hastie's opinion. It appeared from the arguments on that appeal that Kerotest had abandoned its effort to have the Chicago suit stayed in its entirety and limited its position to asking that that action be restrained only insofar as it involved Kerotest.

When the ninety day period provided by Judge Leahy's judgment had expired, Acme's motion in the Chicago suit for a stay because of the pendency of the instant case had been denied and Acme had filed an answer. Kerotest had moved to quash the service and to dismiss the case as to it. These motions had been denied and the Illinois Court had entered an order on May 29, 1950 *nunc. pro. tunc* as of March 24, 1950 making Kerotest a party-defendant as of March 24, 1950, C-O-Two having amended its complaint to that end. Kerotest also had filed an answer. The trial [fol. 80] date had been reset for September 28, 1950, by agreement of counsel since the original trial date of July 8 could not be adhered to.

On July 21, 1950, Kerotest moved for a preliminary injunction to restrain C-O-Two from proceeding with the Chicago litigation and on that day also C-O-Two moved for a stay of the instant suit pending disposition of the Chicago litigation. These motions were heard by Judge Rodney in the court below. He concluded, 92 F. Supp. 943, that the motion of the plaintiff, Kerotest, for a preliminary injunction restraining the defendant, C-O-Two, from proceeding against Kerotest in the Chicago action should be granted and that the motion of C-O-Two for an order staying further proceedings in the instant suit until ten days after the final determination of the Chicago action should be denied.

The court below based its decision on *Crosley Corporation v. Hazeltine Corporation*, 122 F. 2d 925, 930, *Crosley Corp. v. Westinghouse Electric & Mfg. Co.*, 130 F. 2d 474, 475, and *Triangle Conduit & Cable Co., Inc. v. National Electric Products Corporation*, 125 F. 2d 1008, 1009, all decided by this court. Judge Rodney concluded properly that the same subject matter was before the Illinois court

and the Delaware court but went on to hold in effect that because on March 9, 1950, when the suit at bar was filed, Kerotest had not been made a party in the Chicago suit, the rule of the *Hazeltine*, *Westinghouse* and *Electric Products* cases required a stay of the proceedings in Illinois while the Delaware litigation was prosecuted. Judge Rodney pointed out also that an amendment of the kind effected by C-O-Two as of March 24, 1950, whereby Kerotest was made a party to the Chicago litigation "... does not relate back in time to the filing of the original suit but is akin to the institution of a new action against the new parties."³

[fol. 84] We cannot agree with the conclusions reached. To the end that our position may be made plain we state again that the parties to the action at bar are Kerotest and C-O-Two; that the parties to the Chicago suit are C-O-Two and Acme and Kerotest, but that Kerotest did not become a party to the Chicago action until as of March 24, 1950, whereas the instant suit was brought on March 9, 1950. We do not think that the rule of the cited decisions requires the order made by the court below. Our reasons follow.

In *Crosley v. Hazeltine*, after litigation in which Hazeltine had sued Crosley in Ohio alleging infringement of two out of twenty-two possibly pertinent patents, Crosley brought a declaratory judgment suit against Hazeltine in the Delaware District Court to determine the validity of the remaining twenty patents. Shortly thereafter Hazeltine filed nine suits in the District of Ohio alleging that Crosley had infringed fifteen of the twenty patents involved in the declaratory judgment suit. We held that the Delaware District Court should enjoin the Ohio suits. Two parties only were involved and it will be seen that the entire subject matter of the litigation was before the Delaware court prior to the filing of the Ohio suit to test the validity of the fifteen patents. The differences between the circumstances of *Crosley v. Hazeltine* and those at bar seem obvious.

In *Crosley v. Westinghouse*, Crosley filed a suit for a declaratory judgment against Westinghouse in the Dis-

³ See the authorities contained in note 3 cited to the text at p. 947, 92 F. Supp.

trict Court for the Western District of Pennsylvania to have sixteen patents, which Westinghouse asserted Crosley had infringed, declared invalid and not infringed. In an obvious race to the court house, one day later Westinghouse filed three suits against Crosley in an Ohio District Court, charging infringement by Crosley of the sixteen patents. We held that the Pennsylvania court should enjoin the prosecution of these infringement suits in Ohio. Again only two parties were involved and it will be seen that the entire subject matter of the litigation was before the Pennsylvania District Court prior to the time the suits were filed in Ohio.

It is primarily on the intervening case of *Triangle v. National* that C-O-Two relies. In this case, early in 1941, Triangle sued National in the District of Delaware seeking a declaratory judgment to the effect that eleven patents owned by National were invalid. Eighteen days later National filed suit in the Eastern District of Michigan against Triangle and Sears, Roebuck & Company, by which it sought judgment that Triangle had infringed by manufacturing, selling and using articles in violation of all the patents and that Sears, Roebuck had infringed by reselling articles manufactured in violation of six of the seven patents. We held that the Delaware District Court, having first obtained jurisdiction of the entire controversy, should proceed to adjudicate the rights of Triangle and National.

Again it will be observed that there are substantial differences between the facts of the Triangle case and those of the case at bar. In the Triangle case the Delaware litigation for a declaratory judgment was the *first* action and embraced all the patents which were or became the subject matter of any suit. The two principal antagonists were in the Delaware theatre when the declaratory judgment suit was filed. Only the retailer, Sears, was outside the Delaware arena. Obviously, National's attempt to transfer the struggle to Michigan for no other purpose than to enable National to compel Sears to take part in it could not meet with success. In the instant case the suit brought by C-O-Two against Acme in Illinois long antedated the declaratory judgment suit in Delaware brought by Kerotest. The Chicago suit appears to have been brought in good faith and every patent involved in the Delaware litigation was before the Chicago court. Kerotest could have entered the Chicago litigation had it seen fit to do so. Indeed

C-O-Two subsequently compelled its entry. Kerotest, while displaying an apparent reluctance to enter the Illinois arena, did not harbor such an attitude toward the Delaware [fol. 83] forum. In Triangle the declaratory judgment suit came first.

In the instant case the whole of the war and all the parties to it are in the Chicago theatre and there only can it be fought to a finish as the litigations are now cast. On the other hand if the battle is waged in the Delaware arena there is a strong probability that the Chicago suit nonetheless would have to be proceeded with for Acme is not and cannot be made a party to the Delaware litigation. The Chicago suit when adjudicated will bind all the parties in both cases. Why, under the circumstances, should there be two litigations where one will suffice? We can find no adequate reason. We assume, of course, that there will be prompt action in the Chicago theatre.

Neitner Crosley nor Westinghouse nor Triangle was intended to lay down a rule of thumb. The rule as we conceived it was designed as an aid to the parties and to effect the ends of justice. As was said in *Hammett v. Warner Brothers Pictures*, 2 Cir., 176 F. 2d 145, 150, it "has been recognized that this rule is not to be applied mechanically regardless of other considerations." As we pointed out in the *Westinghouse* case the real question is not whether "another suit" has been "previously" or "subsequently" begun between the parties but whether the relief sought can be "more expeditiously and effectively afforded [in the other suit] than in the declaratory proceeding." We adhere to that view. We think that relief can be more expeditiously afforded in the Chicago proceeding than in the Delaware declaratory judgment suit. Compare *Hammett v. Warner Brothers Pictures*, 2 Cir., 176 F. 2d 145, 148-151, a copyright case which is closer perhaps on its facts to the case at bar than any other reported decision. Therein the Court of Appeals for the Second Circuit, citing the *Crosley* case, decided the issue as we do here. Cf. *Cresta Blanca Wine Co., Inc. v. Eastern Wine Corporation*, 2 Cir., 143 F. 2d 1012, and *Speed Products Co. v. Tinnerman Products*, C.A.D.C., 171 F. 2d 727.

[fol. 84] The order of the court below will be reversed and the cause remanded with the direction to enter an order staying further proceedings in this action until ten days after the final determination of the Chicago suit. If, how-

ever, the prosecution of the Chicago suit be unreasonably delayed, this court will entertain an application for a modification of the order.

MARIS, Circuit Judge, dissenting.

I am unable to agree that Judge Rodney was guilty of an abuse of discretion in this case. On the contrary I think that he soundly exercised the discretion confided in him by the rule which this court, sitting in banc, laid down in *Triangle Conduit & Cable Co. v. National Elec. P. Corp.*, 1942, 125 F. 2d 1008, cert. den. 316 U.S. 676. It is true that the majority do not say that Judge Rodney abused his discretion. Instead they ignore his careful weighing of the factors involved,¹ intimate that he merely applied a "rule of thumb," and themselves proceed to determine the matter as though they were the district court. Moreover while refusing to apply the rule of the Triangle case the majority do not expressly overrule that case but rather seek to distinguish it on its facts from the present case. I concede that there is a factual distinction in that in the

¹ In his opinion, 92 F. Supp. 943, 947, Judge Rodney said:

"The question nevertheless arises as to whether this is one of those exceptional cases in which the taking of jurisdiction should be declined in favor of the later suit on the ground that the questions in controversy between the parties can be better settled and the relief sought be more expeditiously and effectively afforded in the Chicago action. The parties with which we are solely concerned are Kerotest and C-O Two. Nothing is apparent to indicate that the Chicago action will settle the controversy between these parties better or more effectively. A date for the trial of the Chicago action is said to have been set for September, 1950, and this may give some apparent basis for the contention that the litigation there will be concluded more expeditiously. Whether the matter can be heard at that time must be problematical. There is nothing to indicate that with the full cooperation of the defendant, who allegedly is seeking an early trial, the trial in this jurisdiction may not be had expeditiously and some slight delay would seem too slim a basis for departure from recognized principles."

[fol. 85] Triangle case the infringement suit by National against Triangle and its customer, Sears, Roebuck & Company, was begun after the declaratory judgment suit had been brought by Triangle against National, whereas here the infringement suit by C-O-Two against Kerotest's customer, Acme Equipment Company, Inc., was begun before the declaratory judgment suit against C-O-Two was instituted by Kerotest.

In my opinion, however, the distinction made by the majority is without legal significance. To my mind the significant point is that Kerotest itself was not made a defendant in the infringement suit until after it had brought the declaratory judgment suit. In this respect the case is identical with the Triangle case. The two cases are also identical in that the litigation between the parties to the declaratory judgment suit was first begun by the institution of that suit while, if the controversies between the patent owner, the infringing manufacturer and its customer were to be litigated in a single lawsuit, it could only be done in the infringement suit. In the Triangle case we held nonetheless that the declaratory judgment suit, in which the rights of the patent owner against the infringing customer could not be litigated, must take precedence over the infringement suit so far as the litigation between the patent owner and the infringing manufacturer was concerned.

The rule which this court laid down in the Triangle case, as well as in *Crosley Corporation v. Hazeltine Corporation*, 1941, 122 F. 2d 925, cert. den. 315 U.S. 813, and *Crosley Corporation v. Westinghouse Elec. & Mfg. Co.*, 1942, 130 F. 2d 474, cert. den. 317 U.S. 681, has had acceptance in at least five other circuits.² I think it is particularly significant that in the Second Circuit in the case of *Cresta Blanca Wine Co. v. Eastern Wine Corporation*, 1944, 143 [fol. 86] F. 2d 1012, and in the District of Columbia Circuit

² *Dwinnell-Wright Co. v. National Fruit Product Co.*, 1 Cir. 1942, 129 F. 2d 848, 852, 853; *Carbide & Carbon C. Corp. v. United States I. Chemicals*, 4 Cir. 1944, 140 F. 2d 47, 49; *Cresta Blanca Wine Co. v. Eastern Wine Corporation*, 2 Cir. 1944, 143 F. 2d 1012, 1014; *Speed Products Co. v. Timmerman Products*, C.A.D.C. 1948, 171 F. 2d 727, 729; *Chicago Pneumatic Tool Co. v. Hughes Tool Co.*, 10 Cir. 1950, 180 F. 2d 97, 101, cert. den. 340 U.S. 816.

in the case of *Speed Products Co. v. Tinnerman Products*, 1948, 171 F. 2d 727, the rule of the *Triangle* case has been applied to facts indistinguishable in principle from those in the case now before us. The majority ask us to compare those cases with their decision here and I join in that request. For when such a comparison is made it will become plain that this court is today rejecting an application of the rule of the *Triangle* case which two other courts have here, tofore made in reliance upon that decision by us.

In the *Cresta Blanca Wine* case Cresta had sued Eastern in the Southern District of New York for a declaratory judgment of non infringement of a trade-mark. Thereafter Eastern sued Schenley and Cresta in the District of Delaware for infringement of the same mark. Schenley then applied for leave to intervene as a plaintiff in the suit in the Southern District of New York and both Cresta and Schenley asked that court to stay further proceedings in Delaware. The district court denied the intervention and the stay. The Court of Appeals reversed as to Cresta holding that the suit by Eastern in Delaware should be stayed as against Cresta since the suit in New York was prior as to those two parties. As to Schenley, however, the Court of Appeals affirmed, saying, (p. 1014):

"It can hardly be said that intervention, had it been granted, would have related back to the filing of Cresta's complaint. Therefore, Schenley's proposed intervention against Eastern would have been the later action between them and the very principle Schenley invokes would require staying the New York action rather than the Delaware suit."

In the *Speed Products* case, the significant facts were these: Speed had brought suit against the Commissioner of Patents in the District of Columbia for the registration of a trade-mark. Shortly thereafter Speed sued Tinnerman in the Southern District of New York, seeking registration [fol. 87] of the same mark and a declaratory judgment of non infringement of Tinnerman's trade-marks. Later Tinnerman was granted permission to intervene in the suit in the District of Columbia and it filed an answer and counter-claim for infringement of its trade-marks. Thereafter Speed moved in the District of Columbia for an order suspending the suit there until the case in the Southern Dis-

trict of New York had been tried and Tinnerman moved for an order enjoining Speed from proceeding with the New York action until the suit in the District of Columbia had been tried. The District Court for the District of Columbia denied Speed's motion and granted that of Tinnerman but this action was reversed by the Court of Appeals for the District of Columbia, the court saying (p. 729):

"The second question is whether or not the District of Columbia Court had power to enjoin Speed Products from proceeding with the New York action. The law on this question is well settled. Where two cases between the same parties on the same cause of action are commenced in two different Federal courts, the one which is commenced first is to be allowed to proceed to its conclusion first, and an injunction to accomplish this is proper. This is recognized by three cases: Triangle Conduit & Cable Co. v. National Elec. P. Corp., 3 Cir., 1942, 125 F. 2d 1008, certiorari denied 1942, 316 U.S. 676, 62 S. Ct. 1046, 86 L. Ed. 1750; Crosley Corporation v. Hazeltine Corporation, 3 Cir., 1941, 122 F. 2d 925; Cresta Blanca Wine Co. v. Eastern Wine Corporation, 2 Cir., 1944, 143 F. 2d 1012."

The majority place much reliance on a later case in the Second Circuit, Hamnett v. Warner Brothers Pictures, 1949, 176 F. 2d 145. In that case, however, the district court after weighing all the factors decided in the exercise of its discretion that the declaratory suit should be dismissed. The Court of Appeals in affirming took occasion [fol. 88] to point out that the question "was addressed to the sound discretion of the district court." The court found no abuse of that discretion and rested its affirmance as well on the fact that disposition of the action for which priority was sought "would settle only a part of the controversy between the parties to it." Under these circumstances it was clearly within the discretion of the district court not to apply the rule of the Triangle case. In the present case, however, C-O-Two's entire cause of action against Kerotest may be heard and determined in the declaratory judgment proceeding presently pending in the District of Delaware. I cannot join in a judgment which holds by necessary in-

ference that Judge Rodney abused his discretion in applying the rule of the Triangle case to this situation.

Judge Kalodner joins in this dissent.

A true Copy:

Teste:

_____, Clerk of the United States Court of Appeals for the Third Circuit.

[fol. 89] UNITED STATES COURT OF APPEALS FOR THE THIRD
CIRCUIT

No. 10,302

KEROTEST MANUFACTURING COMPANY

vs.

C-O-TWO FIRE EQUIPMENT COMPANY, Appellant.

On appeal from the United States District Court for the
District of Delaware

Present: Biggs, Chief Judge, and Maris, Goodrich, McLaughlin, Kalodner, Staley and Hastie, Circuit Judges.

JUDGMENT

This cause came on to be heard on the record from the United States District Court for the District of Delaware and was argued by counsel.

On consideration whereof, it is now here ordered and adjudged by this Court that the order of the said District Court in this case be, and the same is hereby reversed and the cause remanded with directions to enter an order staying further proceedings in this action until ten days after the final determination of the Chicago suit. If, however, the prosecution of the Chicago suit be unreasonably delayed, this court will entertain an application for a modification of the order. Costs to appellant.

Attest:

Ida O. Creskoff, Clerk.

May 24, 1951.

(Received & Filed May 24, 1951. Ida O. Creskoff, Clerk.)

[fol. 90]

Copy

BLENKO, HOOPES, LEONARD & GLENN

1319 Farmers Bank Building

Pittsburgh 22, Pa.

June 5, 1951.

Mrs. Ida O. Creskoff, Clerk, U. S. Court of Appeals for the
3d Circuit, 2046 U. S. Court House, Philadelphia 7, Pa.

Re: Kerotest Manufacturing Company v. C-Q-Two Fire
Equipment Company, No. 10,302

Dear Mrs. CRESKOFF:

We desire to petition the United States Supreme Court for certiorari on the above-identified appeal, and respectfully request that the ma-date of the Court of Appeals be withheld as provided by Rule 36(2) of the Rules of the Court and that a certified record be furnished to us for use in connection with the petition.

Very truly yours, John F. C. Glenn.

JFCG:fmg

cc: R. Morton Adams, Esq., Pennie, Edmonds, Morton,
Barrows and Taylor, Esqs., 247 Park Avenue, New York
17, N. Y.

(Received & Filed June 6, 1951. Ida O. Creskoff, Clerk.)

[fol. 91] (Received & Filed June 7, 1951. Ida O. Creskoff, Clerk.)

Copy

PENNIE, EDMONDS, MORTON, BARROWS AND TAYLOR

June 6, 1951.

Mrs. Ida O. Creskoff, Clerk, United States Court of Appeals,
Philadelphia, Pennsylvania.

Re: Kerotest Manufacturing Company v. C-O-Two Fire
Equipment Company, No. 10,302

Dear Mrs. Creskoff:

We have just received a letter from Blenko, Hoopes, Leonard & Glenn, counsel for Kerotest Manufacturing Company, requesting a stay of the ~~mandate~~ in the above entitled case for the stated purpose of petitioning the Supreme Court for certiorari.

On behalf of C-O-Two Fire Equipment Company, we desire to oppose any such stay and would like to have the opportunity to be heard thereon.

The effect of granting the stay would be to continue in force the injunction which was granted by the District Court preventing C-O-Two from proceeding against Kerotest in the case pending in Chicago. Inasmuch as the Supreme Court would not act on any petition until October, no matter how promptly it was filed, staying the mandate would allow this injunction to continue in force until some time after the Supreme Court convenes in October and this, as stated, would have the effect of correspondingly delaying the trial of the Chicago case which has already been delayed for over a year.

It seems to us that it is plaintiff's sole purpose to secure further delay. No showing has been made as to any grounds on which the Supreme Court would be asked to grant a writ of certiorari and we believe that no showing can be made of any grounds on which the Supreme Court would be likely to grant any such writ.

[fol. 92] The May 24, 1951 opinion of this Court clearly set forth its ruling that the Chicago case proceed to early trial and the judgment of the Court is conditioned upon an early trial on the merits there, with leave to the plaintiff-

appellee to apply for modification of its order in the event of unreasonable delay.

A stay of the mandate would implement, at least in part, such delay as envisioned by the Court as giving cause for modification of its judgment. Granting the application for stay of the mandate would effectively impose the condition which the Court sought to avoid as stated in its opinion and judgment.

Defendant-appellant, C-O-Two Fire Equipment Company, respectfully requests that the mandate be issued June 8, 1951.

Very truly yours, R. M. Adams, per J. T. Farley.

cc: Walter J. Blenko, Esq., Blenko, Hoopes, Leonard & Glenn, 1319 Farmers Bank Building, Pittsburgh 22, Pennsylvania.

[fol. 93] (Received & Filed June 8, 1951. Ida O. Creskoff, Clerk.)

Copy

BLENKO, HOOPES, LEONARD & GLENN

1319 Farmers Bank Building

Pittsburgh 22, Pa.

June 7, 1951.

Mrs. Ida O. Creskoff, Clerk, United States Court of Appeals for the Third Circuit, 2046 U. S. Court House, Philadelphia 7, Pennsylvania.

Re: Kerotest Manufacturing Company v. C-O-Two Fire Equipment Company, No. 10,302

Dear Mrs. Creskoff:

We understand from our telephone conversation with you yesterday that you have received our letter of June 5 in which we informed you that we desire to petition for certiorari on the above-identified appeal, and that yesterday you received a telephone call from opposing counsel protesting against the consequent stay of mandate in accordance with the provisions of Rule 36(2) of the Rules of Court. We have today received a copy of their letter of June 6 to you, and wish to furnish you with a statement of our position.

I

Opposing counsel concedes that the initial 15-day period of stay of mandate was proper, but opposes a further stay pending the filing and disposition of the petition for certiorari.

[fol. 94] Rule 36(1) provides that "Such mandate or other process may issue at any time on the order of the court, and when not otherwise ordered, it shall issue as of course at the expiration of 15 days from the date of entering the final judgment or decree of this court: . . ."

Rule 36(2) reads as follows:

"(2) Certiorari to Supreme Court—Duration of Stay. In any case where a stay of the mandate is applied for on the ground that it is desired to make application to the Supreme Court of the United States for a writ of certiorari, such stay will be made for a further period of 30 days, and if within the said period of 30 days, there shall be filed with the clerk of this court a certificate from the clerk of the Supreme Court to the effect that there has been filed in that court the certiorari petition, record and brief, and proof of notice thereof as required by the Supreme Court, the stay of the mandate of this court shall continue until final disposition of the case by the Supreme Court. Immediately upon the filing in this court of a copy of an order by the Supreme Court denying the writ applied for, the mandate of this court shall be issued."

In the present case Kerotest has given timely notice of its intention to petition for certiorari, and accordingly a further stay of mandate for a 30-day period is required by Rule 36(2), with a further automatic extension pending completion of certiorari proceedings if Kerotest continues to proceed in a timely fashion under the rule.

[fol. 95]

II

The protest made by opposing counsel is based on a contention that the opinion and judgment of the Court, dated May 24, requires that the mandate be issued immediately, regardless of any other considerations and in exception to the normal procedure required by Rules 36(1) and (2) of the Court. We find no such direction in the opinion or judgment, both of which conclude with the conventional

phrase that the order of the court below is "reversed and the cause remanded with the direction to enter an order staying further proceedings in this action until ten days after the final determination of the Chicago suit. If, however, the prosecution of the Chicago suit be unreasonably delayed, this court will entertain an application for a modification of the order." There is nothing in this language indicating the slightest intention to modify the normal stay of mandate procedure under Rules 36(1) or (2). It is difficult to see, moreover, how opposing counsel can argue that the judgment and opinion overrule Rule 36(2) without at the same time overruling Rule 36(1), which concededly is unaffected by the judgment and opinion.

III

Opposing counsel complains that no showing has been made as to grounds for seeking certiorari. Rule 36(2) does not require such a showing to be made before the end of the additional 30-day period provided by the rule. The appropriate place for such showing is in the petition, which is intended by the rule to be filed within the additional 30-day [fol. 96] period. After the petition has been filed the sufficiency of the grounds of the petition are a matter for the consideration of the Supreme Court, and opposing counsel's beliefs on the subject are not controlling and do not furnish an adequate basis for disregarding the rules of procedure of this Court to the detriment of the petitioner.

IV

The practical effect of a disregard of Rule 36(2) would probably be to render moot the petition for certiorari, because it would result in the dissolution of the injunction of the lower court before a decision by the Supreme Court could be obtained. We believe, therefore, that Rule 36 of the Rules of this Court applies and should be followed precisely. If contrary action is contemplated it is requested that Kerotest be given an opportunity for hearing before issuance of mandate.

Respectfully, John F. C. Glenn.

JFCG:fmg

cc: R. Morton-Adams, Esq., Pennie, Edmonds, Morton, Barrows and Taylor, Esqs., 247 Park Avenue, New York 17, N. Y.

[fol. 97] UNITED STATES COURT OF APPEALS FOR THE THIRD
CIRCUIT

No. 10302

KEROTEST MANUFACTURING COMPANY

v.

C-O-TWO FIRE EQUIPMENT COMPANY, Appellant

ORDER

Present: Biggs, Chief Judge, and Maris, Goodrich, McLaughlin, Kalodner, Staley and Hastie, Circuit Judges.

And now, to wit, this 12th day of June, 1951, it is

Ordered that the motion of Kerotest Manufacturing Company to stay the issuance of the mandate pending application for certiorari to the Supreme Court of the United States be and the same hereby is granted, and it is

Further ordered that if certiorari be granted that the issuance of the mandate be stayed until the disposition of the cause by the Supreme Court of the United States, and it is

Further ordered that the motion of C-O-Two Fire Equipment Company that the mandate be issued forthwith be and the same hereby is denied.

By the Court, Biggs, Chief Judge.

(Received & filed June 12, 1951. Ida O. Creskoff, Clerk.)

[fol. 98] I, Ida O. Creskoff, Clerk of the United States Court of Appeals for the Third Circuit, do hereby certify the foregoing to be a true and faithful copy of the original Appendix to Brief for Appellant, Appendix to Brief for Appellee, and proceedings in this court in the case of Kerotest Manufacturing Co. vs. C-O-Two Fire Equipment Co., Appellant, No. 10,302, on file, and now remaining among the records of the said Court, in my office.

In testimony whereof, I have hereunto subscribed my name and affixed the seal of the said Court, at Philadel-

phia, this 13th day of June in the year of our Lord one thousand nine hundred and fifty-one, and of the Independence of the United States the one hundred and seventy-fifth.

Ida O. Creskoff, Clerk of the U. S. Court of Appeals,
Third Circuit. (Seal.)

(5732)

Office-Supreme Court, U. S.
FILED

JUL 9 1951

CHARLES ELMORE CROPLEY
CLERK

IN THE
Supreme Court of the United States

OCTOBER TERM, 1951

NO. 180

KEROTEST MANUFACTURING COMPANY,
Petitioner,
v.

C-O-TWO FIRE EQUIPMENT COMPANY, Respondent.

**PETITION FOR WRIT OF CERTIORARI TO THE
COURT OF APPEALS FOR THE THIRD CIRCUIT
AND BRIEF IN SUPPORT THEREOF.**

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IN THE
Supreme Court of the United States

OCTOBER TERM, 1951

NO.

KEROTEST MANUFACTURING COMPANY,
Petitioner,

C-O-TWO FIRE EQUIPMENT COMPANY, Respondent.

**PETITION FOR WRIT OF CERTIORARI TO THE
COURT OF APPEALS FOR THE THIRD CIRCUIT.**

*To the Honorable, the Chief Justice of the United
States and the Associate Justices of the
Supreme Court of the United States:*

This is a petition for a writ of certiorari to review a judgment of the United States Court of Appeals for the Third Circuit. A transcript of the record, including the proceedings in said court, is furnished herewith in accordance with the rules of this Court.

Jurisdiction.

This Court has jurisdiction by virtue of 28 U.S.C., Sections 1254 and 2101. The judgment sought to be reviewed was entered May 24, 1951 (R. 79).

*Summary Statement.***Summary Statement.****NATURE OF THE PROCEEDING:**

This is a civil action originating in the District Court in Delaware wherein the petitioner seeks (1) a declaratory judgment that two patents of the respondent are invalid and have not been infringed by petitioner, and (2) an injunction enjoining respondent from intimidating petitioner's customers either by charges of patent infringement or by infringement suits (R. 9a).

Certiorari is sought on a judgment (R. 79) of the Court of Appeals for the Third Circuit dated May 24, 1951 (Maris and Kalodner, JJ., dissenting), which reverses the District Court in Delaware and directs the District Court to enter an order staying petitioner's declaratory action until ten days after the final determination of an infringement action in the Seventh Circuit, in which respondent made petitioner a party after petitioner filed its declaratory action.

NARRATIVE STATEMENT:

Petitioner is a Pennsylvania corporation, having its offices at Pittsburgh, Pennsylvania (R. 5a). Respondent is a Delaware corporation, having offices at Newark, New Jersey (R. 5a).

On March 9, 1950, petitioner commenced this action in Delaware against respondent (R. 1a). The complaint stated that respondent had notified petitioner of alleged infringement of two patents (R. 6a); that petitioner had denied validity and infringement of the patents and had invited respondent to bring suit against petitioner (R. 6a); that respondent had failed to sue petitioner but had

subsequently sued two customers of petitioner for infringement of the same patents in the District Courts in Detroit and Chicago, respectively (R. 6a); and that a controversy existed between the parties for which declaratory relief was sought (R. 9a).

On March 22, 1950, respondent amended its complaint in the Chicago action to add petitioner as a party defendant (R. 12a). The amendment alleged no joint act of infringement by petitioner and its customer but merely alleged that petitioner had made and sold the accused devices to the Chicago customer; that petitioner had agreed to hold the customer harmless; that petitioner was infringing respondent's patents; and that respondent had given petitioner notice of the alleged infringement (R. 17a). On March 25, 1950, respondent moved in the Delaware court for a stay of petitioner's declaratory action (R. 1a, 10a). Petitioner opposed the motion for a stay, filed a supplemental complaint asking for preliminary and permanent injunctions against further prosecution by respondent of the Chicago action "either against [petitioner] alone, or generally, as this Court may deem just and proper" (R. 20a), and moved for such a preliminary injunction (R. 21a). By order dated April 28, 1950, respondent's motion for a stay was granted and petitioner's motion for an injunction was denied, for a 90-day period* (R. 25a).

Petitioner appealed, and on June 16, 1950 the Court of Appeals (per Maris, Kalodner and Hastie, JJ.) af-

* At that time a motion for stay by the customer was pending in the Chicago court, and also a motion by petitioner to vacate service on petitioner in the Chicago action. Both motions were later denied (R. 32a).

Summary Statement.

firmed; with an opinion noting that the 90-day period was about to expire and that at the end of that period petitioner could renew its motion without prejudice (R. 49).

Petitioner renewed its motion for a preliminary injunction, but only as to prosecution by respondent of its action in Chicago against petitioner alone (R. 28a). The District Court granted the injunction on September 5, 1950, and held that as between petitioner and respondent the Delaware action was the first filed, that the controversy between petitioner and respondent could not be better settled or the relief sought by them more expeditiously and effectively afforded in the Chicago action than in the Delaware action, and that there were no special circumstances taking the case out of the general rule that the first filed action should proceed (Opinion, R. 34a; Findings of Fact and Conclusions of Law, R. 42a; and Order, R. 46a). Respondent's renewed motion for a stay of the Delaware proceedings was denied (R. 41a, 47a).

Respondent appealed. On February 19, 1951 the Court of Appeals (per Biggs, Ch. J., and Goodrich and Kalodner, JJ.) reversed the lower court (Judgment, R. 57; Opinion, R. 53).

Petitioner asked for a rehearing (R. 60), which was granted (R. 68). The case was reheard by the Court, *en banc*, and on May 24, 1951 the Court vacated its opinion of February 19, 1951 (R. 68) but entered judgment reversing the lower court, directing that the action be stayed until ten days after determination of the Chicago action, and adding "If, however, the prosecution of the

Chicago suit be unreasonably delayed, this court "will entertain an application for a modification of the order" (Judgment, R. 79; Majority Opinion, R. 69). Certiorari is sought on that judgment.

Circuit Judges Maris and Kalodner dissented. Judge Maris filed a dissenting opinion (R. 75) noting that the majority decision had created a conflict with decisions of other circuits (R. 77).

Questions Presented.

1. May a patentee bring successive infringement actions against customers of a manufacturer without making the manufacturer a party, but prevent the manufacturer from proceeding with a declaratory action against the patentee in the Circuit where both are incorporated and have their offices, by the stratagem of making the manufacturer a party to a pending customer action in another Circuit after, and only after, the declaratory action has been instituted?

2. Should a District Court, vested with and retaining jurisdiction in a declaratory action which could be tried completely and expeditiously without the presence of any additional party, nevertheless require the plaintiff to litigate the controversy in another Circuit in an action subsequently commenced by the defendant against the plaintiff, merely because such course would permit the defendant simultaneously to litigate an independent controversy between the defendant and a third party, which presents some of the same questions but could be tried completely and expeditiously without the presence of the declaratory plaintiff?

3. Does the provision of Rule 57, Federal Rules of Civil Procedure, that the existence of another adequate remedy does not preclude a judgment for declaratory relief in cases where it is appropriate, permit a court to retain jurisdiction of a declaratory action not for the purpose of advancing it to judgment and giving the plaintiff the relief prayed for, but merely as a club over the defendant to compel it to proceed to judgment with an action which it had subsequently instituted against the plaintiff?

Reasons Relied on for the Allowance of the Writ.

1. The decision of the Court of Appeals is in conflict with the following decisions in other circuits:

(a) *Cresta Blanca Wine Co., Inc. v. Eastern Wine Corporation*, 143 F. 2d 1012 (C.A. 2, 1944);

(b) *Speed Products Co. v. Tinnerman Products*, 171 F. 2d 727 (C.A.D.C., 1948);

2. The decision of the Court of Appeals is in conflict with the decision of this Court in *Memphis City v. Dean*, 8 Wall. 64.

3. Question 3, *supra*, is an important question of construction of Rule 57, Federal Rules of Civil Procedure, which has not been, but ought to be, decided by this Court.

WHEREFORE, YOUR PETITIONER PRAYS that a Writ of Certiorari be issued out of and under the seal of this Court, directed to the United States Court of Appeals for the Third Circuit, commanding the said Court to certify and send to this Court, on a day to be designated, a full transcript of the record and all proceedings of said Court in the case numbered and entitled on its docket Number 10302, *Kerotest Manufacturing Company, Plaintiff-Appellee, v. C-O-Two Fire Equipment Company, Defendant-Appellant*, to the end that this case may be reviewed and determined by this Court; that the judgment of the said Court of Appeals for the Third Circuit be reversed; and that petitioner be granted such other

8
Prayer.

and further relief as to this Court may seem meet and proper.

Respectfully submitted,

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July, 1951.

**BRIEF IN SUPPORT OF PETITION FOR
WRIT OF CERTIORARI.**

Opinions Below.

The order, findings of fact and conclusions of law of the District Court filed April 21, 1950, are reported only in 85 USPQ 185 (no opinion was filed).

The opinion of the Court of Appeals filed June 16, 1950, is reported in 182 F. 2d 773.

The opinion of the District Court filed August 18, 1950, is reported in 92 F. Supp. 943.

The vacated opinion of the Court of Appeals filed February 19, 1951, is currently reported only in 88 USPQ 335.

The opinion of the Court of Appeals on rehearing filed May 24, 1951, is currently reported only in 89 USPQ 411.

Jurisdiction.

The petition sets forth at page 1 the grounds upon which jurisdiction of this Court is invoked.

Cases believed to support the jurisdiction are as follows: *Maryland Casualty Co. v. Pacific Co.*, 312 U. S. 270; *De Beers Mines v. United States*, 325 U. S. 212; *Gulf Oil Corp. v. Gilbert*, 330 U. S. 501; and *Ex parte Collett*, 337 U. S. 55.

Statement of the Case.

The petition sets forth at pages 2-6 the statement of the case and the questions presented.

*Specification of Error.***Specification of Errors.**

If the petition is granted, it will be contended that the Court of Appeals erred:

(a) In holding that respondent, who had deliberately omitted making petitioner a party to successive infringement actions brought against petitioner's customers, may nevertheless thereafter avoid a subsequent declaratory action brought by petitioner in the Circuit where petitioner and respondent are both incorporated and have their offices, by the stratagem of adding petitioner as a party to a pending customer action after, and only after, the declaratory action was begun;

(b) In holding that the District Court, vested with and retaining jurisdiction of petitioner's declaratory action against respondent, which could be tried completely and expeditiously without the presence of any additional party, should require petitioner to litigate the controversy in another Circuit in an action subsequently commenced by respondent against petitioner, merely because such course would permit respondent simultaneously to litigate a controversy between respondent and a thirty party, which presents some of the same questions but could be tried completely and expeditiously without the presence of petitioner;

(c) In retaining jurisdiction of petitioner's declaratory action not for the purpose of advancing it to judgment and giving petitioner the relief prayed for, but merely as a club over respondent to compel it to proceed to judgment with an action which it subsequently instituted against petitioner;

(d) In holding that respondent's suit should proceed and petitioner's suit should be stayed because re-

respondent's suit involved more parties than petitioner's suit, notwithstanding the independence of the controversies between the original parties to the respective suits;

(e) In holding that the District Court abused its discretion in granting petitioner's motion for a preliminary injunction and denying respondent's motion for a stay.

Argument.

I.

A patentee who wishes to enforce his patent against allegedly infringing articles has the choice of bringing an infringement suit directly against the manufacturer to stop the supply and to collect damages at the source without need for litigation against customers, or of squeezing the manufacturer by multiple suits against his customers, as in the present situation. The first course involves the least amount of litigation but the second course is often chosen by patentees, especially those having weak patents, because a pending customer suit has as bad an effect on the manufacturer's business as a suit directly against the manufacturer, and customers seldom have enough interest in the matter to exert themselves in defending such suits. Moreover, the patentee is often afraid to litigate a weak patent in the Circuit which would be the proper venue of an infringement action against the manufacturer, and can avoid this difficulty by bringing suits against customers in other Circuits. When bringing such customer suits the patentee finds it advantageous to omit the manufacturer as a party not only because the manufacturer would probably

defend the suit more vigorously than the customer but also because the patentee can continue to sue different customers in different Circuits even after losing one or more of the suits, whereas if the manufacturer is a party a decision adverse to the patentee is conclusive as to all of the manufacturer's customers thereafter; *Kessler v. Eldred*, 206 U.S. 285.

The doctrine of *Kessler v. Eldred*, *supra*, effectively stops unnecessary customer suits *after* direct litigation between the patentee and manufacturer; reversal of the instant decision of the Court of Appeals would strongly discourage unnecessary customer suits *before* direct litigation between the patentee and manufacturer, since it would have the effect of ruling that a patentee must join the manufacturer in the first customer suit or else run the risk of being sued for a declaratory judgment in an independent action by the manufacturer in a venue of the latter's choice.

No reason for joining petitioner in the customer action was offered by respondent *except* the fact that petitioner had commenced this action (R. 12a; cf: R. 39a).

To hold that the respondent is entitled to defeat petitioner's declaratory action by the stratagem of drawing the petitioner into a customer suit in another Circuit after the declaratory action has begun is to remove any risk to a patentee in pursuing a course of calculated harassment of a manufacturer by multiple suits against his customers. The decision of the Court of Appeals in the present case looks only to the immediate advantages of sweeping all of the parties into one

court and overlooks the more important ultimate effect of encouraging harassing multiple customer suits by patentees.

If the Court of Appeals' decision stands the abuse of customer suits will go unchecked and undesirable multiple litigation will be encouraged.

II.

The conflict of Circuits resulting from the instant decision of the Court of Appeals is pointed out by Judge Maris in his dissenting opinion (R. 76-77) :

- "I think it is particularly significant that in the Second Circuit in the case of Cresta Blanca Wine Co. v. Eastern Wine Corporation, 1944, 143 F. 2d 1012, and in the District of Columbia Circuit in the case of Speed Products Co. v. Tinnerman Products, 1948, 171 F. 2d 727, the rule of the Triangle case has been applied to facts indistinguishable in principle from those in the case now before us. The majority ask us to compare those cases with their decision here and I join in that request. For when such a comparison is made it will become plain that this court is today rejecting an application of the rule of the Triangle case which two other courts have heretofore made in reliance upon that decision by us."

The decisions cited by Judge Maris are in accord with the necessary and long-recognized rule that "In all cases of concurrent jurisdiction, the court which first has possession of the subject must decide it," as stated by Mr. Chief Justice Marshall in *Smith v. M'Iver*, 9 Wheat. 532; 535. This general rule is modified in special cases by the doctrine of *forum non conveniens*,

and within the last few years by the transfer provisions of 28 U.S.C. §1404(a), subject to the caution of this Court that "unless the balance is strongly in favor of the defendant, the plaintiff's choice of forum should rarely be disturbed"; *Gulf Oil Corp. v. Gilbert*, 330 U.S. 501, 508. However, there is no suggestion in the action at bar that there is any basis for invoking either of these exceptions to the general rule. Instead the Court of Appeals has directed a stay of petitioner's declaratory action solely as an exercise of discretion under the Declaratory Judgment Act (28 U.S.C. §§2201-2202) (cf. R. 74), overruling the contrary exercise of such discretion by the District Court. In doing so the majority opinion of the Court of Appeals takes two inconsistent positions:

(a) That irrespective of which suit was "'previously' or 'subsequently' begun between the parties" (R. 74), the additional presence of the third party in the infringement action in Chicago is an overriding reason for allowing that action to proceed and for staying petitioner's declaratory action in Delaware; and

(b). That since respondent had sued the third party in Chicago *before* petitioner brought the declaratory action in Delaware against respondent, the Chicago action was entitled to priority as the "first action" (R. 73) for purposes of priority as to all parties, including petitioner, who was added to the Chicago action only after commencing the Delaware action.*

* The majority opinion of the Court of Appeals takes the latter position in order to distinguish rather than overrule the earlier decision of that court in *Triangle Conduit & Cable Co., Inc. v. National Electric Products Corporation*, 125 F. 2d 1008, where an apposite conclu-

The facts of *Cresta Blanca Wine Co. v. Eastern Wine Corporation, supra*, and the conflict between the decision therein and the majority decision in the case at bar are so clearly stated by Judge Maris (R. 77) that only brief additional comment is necessary here.

The decision in *Cresta Blanca v. Eastern* is doubly in conflict with the decision of the Court of Appeals in the present case as to bringing independent controversies involving some common questions into one court, since in that case the Court of Appeals for the Second Circuit not only affirmed the issuance of an injunction against further proceedings against Cresta in Delaware, where Cresta, Eastern and the distributor were all parties to pending actions, but also refused to let the distributor intervene in New York so that all three parties could litigate there.

The conflict also extends to what constitutes the "first action" (cf. R. 73) for purposes of priority, since if the reasoning of the majority opinion of the Court of Appeals in the instant case had been applied the distributor would have been entitled to intervene on the ground that because the New York action of Cresta against Eastern preceded the Delaware actions of Eastern against Cresta and the distributor, the New York action should take priority over the Delaware action even as regards the distributor, although the distributor

sion was reached on the basis of facts essentially identical except that the action against the third party was instituted after rather than before the declaratory action began. The *Triangle* case is summarized and compared in the District Court opinion (R. 37a-39a).

did not attempt to become a party to the New York action until after the distributor had first been sued in Delaware.

We refer to the opinion of Judge Maris (R. 77-8) for a statement of the facts of *Speed Products Co. v. Tinnerman Products*, *supra*, and the conflict between it and the majority decision in the case at bar. In addition, we note that the Court of Appeals also said in *Speed Products Co. v. Tinnerman Products* (p. 731):

"It may be urged that to set aside the injunction and thus permit the action in the New York court to proceed first is to legitimize the bringing of two suits by a plaintiff against the same defendant on the same cause of action in two different jurisdictions at substantially the same time and that such duplication with consequent burden to the courts should not be permitted. The answer to this is that Speed Products brought no action against Tinnerman in the District of Columbia court, but only in the New York court. It had a right to sue Tinnerman in New York if it saw fit to do so."

The decision in *Speed Products v. Tinnerman* is in direct conflict with the rule of the Court of Appeals in the present case regarding bringing different controversies involving some of the same questions before one court, since this rule would have required the controversy between Speed and Tinnerman to be litigated in the District of Columbia, where the Commissioner was a party, rather than in New York, where he was not.

Moreover, if the rule of the Court of Appeals in the present case as to what constitutes the "first action"

(cf. R. 73) for purposes of priority had been applied, Tinnerman would have been entitled to litigate in the District of Columbia because Speed sued the Commissioner there before he sued Tinnerman in New York.

The majority opinion of the Court of Appeals in the instant case vaguely cites but does not discuss the *Cresta Blanca v. Eastern* and *Speed Products v. Tinnerman* decisions. It relies instead on *Hammett v. Warner Brothers Pictures*, 176 F. 2d 145 (C.A. 2), which is stated in the majority opinion to be "closer perhaps on its facts to the case at bar than any other reported decision" (R. 74).^{*} The distinction between the instant case and the situation in the *Hammett* case, however, is clearly expressed in the majority opinion on appeal in that case, where it is pointed out that the New York action should be dismissed in favor of the California action because of the inadequacy of the New York action to effect a complete settlement even as to the parties to that action, " * * * in contrast to the situation in the more usual patent and insurance cases where the issues of infringement and validity of a patent and of liability and coverage are usually clearly separable" (p. 150). In the *Hammett* case Warner Brothers brought a copyright infringement and unfair competition action against a number of parties. Hammett, who had not been joined in the original California action, subsequently brought a declaratory action in New York against Warner Brothers, raising the issue between them of ownership of the copyrights in the California action. Thereafter Warner

^{*} The *Hammett* decision was cited to the Court of Appeals before it rendered its opinion of June 16, 1950, where the *Hammett* decision is not mentioned (R. 49). The opinion of Judge Maris discusses and distinguishes the *Hammett* case at R. 78.

Brothers joined Hammett as a party-defendant to the California action, raising for the first time the issue of the extent of Hammett's participation in the alleged infringement of the copyrights. The New York action could not be amended to include the latter issue without conflicting with the priority of the California action as to that issue between the same parties, and without including that issue the New York action could not afford a complete settlement of all pending issues between the parties to that action. In the present case, on the other hand, petitioner's Delaware action is the first-filed action as to all of the issues between petitioner and respondent which have been raised in any pending action, and all of these issues between petitioner and respondent can be completely settled in the Delaware action, independently of respondent's pending Chicago action against another party.

The majority opinion also contains the statement that "Kerotest* pointed out that the Chicago litigation . . . involved *the same controversy* as the suit at bar, viz., the same patents and the same infringing devices, even if the parties were not the same" (R. 70; emphasis supplied). This is a contradiction in terms, since in a legal sense a controversy necessarily involves parties as well as subject matter; *Smith v. Adams*, 130 U. S. 167, 173-4; *Interstate Commerce Comm. v. Brimson*, 154 U. S. 447, 488; *Muskrat v. United States*, 219 U. S. 346, 361; *Fidelity Nat. Bank v. Swope*, 274 U. S. 123, 134.

* It was C-O-Two (respondent), not Kerotest (petitioner), which made the assertion in question.

III.

The holding of the Court of Appeals in the present case that a defendant can force a plaintiff into another court by the device of making the plaintiff a party to another suit which raises identical issues between the parties to the original suit but also involves a third party, is contrary to the decision of this Court in *Memphis City v. Dean*, 8 Wall. 64, where it was held that a question which is pending in one court of competent jurisdiction cannot be raised and agitated in another by adding a new party in the other jurisdiction and raising a new question as to him along with the old question as to the former party.

In the *Memphis City* case a gas company had brought suit against another gas company regarding their respective rights to operate in a city, and a stockholder of the first company thereafter began a second suit on behalf of the first company against the second company and also against the city itself, for breach of contract. The second suit was dismissed notwithstanding the stockholder's objections that his suit should proceed in preference to the first suit in view of the additional presence of the city in his suit. An opposite conclusion would result from the reasoning of the majority opinion of the Court of Appeals in the instant case, that regardless of which suit is previously or subsequently begun between the parties (R. 74), the suit which ultimately involves the most parties should proceed.

It is submitted that the rule of *Memphis City v. Dean* applies regardless of whether one of the actions is for a declaratory judgment, in view of the provision of Rule

57 of the Rules of Civil Procedure which is quoted in the next section hereof.

IV.

The decision of the Court of Appeals recognizes that the declaratory action at bar is well founded by directing that jurisdiction be retained, but stays it because of the existence of a remedy in a proceeding in another court (R. 79), contrary to the following provision of Rule 57 of the Rules of Civil Procedure:

"The existence of another adequate remedy does not preclude a *judgment* for declaratory relief in cases where it is appropriate." (Emphasis supplied.)

This provision of Rule 57 is directly applicable to the present case because the controversy between petitioner and respondent could not be settled any more completely or expeditiously in respondent's infringement action than in petitioner's declaratory action (R. 45a), and hence the infringement action is merely "another adequate remedy" and no more. If there were valid reasons of greater convenience of witnesses and parties which would justify staying petitioner's declaratory action, respondent could have dealt directly with the problem of venue by requesting a transfer pursuant to the provisions of 28 U.S.C. §1404(a), which stem from the common law doctrine of *forum non conveniens*; *Ex parte Collett*, 337 U.S. 55, 58. Respondent did not do so, since the criteria for invoking the transfer act or the predecessor doctrine of *forum non conveniens* are not present in this case; *Gulf Oil Corp. v. Gilbert*, 330 U.S. 501, 508-509.

There is no basis for staying petitioner's declaratory action, therefore, unless the discretionary provisions of the Declaratory Judgment Act permit a court to preclude a judgment for declaratory relief in a case where it is appropriate because of the existence of another adequate remedy. The decision of the Court of Appeals necessarily rests on this assumption and thereby conflicts with the above-quoted provision of Rule 57 of the Rules of Civil Procedure. The fact that the other adequate remedy is in the form of another pending suit does not alter this conclusion; see *Employers' Liability Assur. Corporation v. Ryan*, 109 F.2d 690,* in which the Court of Appeals for the Sixth Circuit held (at p. 691):

"The presently prevailing view seems to be that the Declaratory Judgment Act furnishes an additional remedy which is not to be denied the plaintiff because of the pendency of another suit, a concept which, as noted by us in *E. W. Bliss Co. v. Cold Metal Process Co.*, 6 Cir., 102 F. 2d 105, has been crystallized by the Rules of Civil Procedure for the District Courts of the United States, in Rule 57, 28 U.S.C.A. following section 723c, which provides 'The existence of another adequate remedy does not preclude a judgment for declaratory relief in cases where it is appropriate.' "

* Certiorari granted 310 U.S. 621; dismissed on stipulation 311 U.S. 722; cited as to conflict of Circuits in *Maryland Casualty v. Pacific Co.*, 312 U.S. 270, 272. The holding in the latter case is consistent with the holding in the quoted *Employers' Liability* case.

V.

In view of the conflict with this Court and with other Circuits, the importance of the questions presented, and the prejudice to the public and the encouragement of undesirable multiple customer suits in patent litigation if the judgment of the Court of Appeals is permitted to stand, it is submitted that certiorari should be granted.

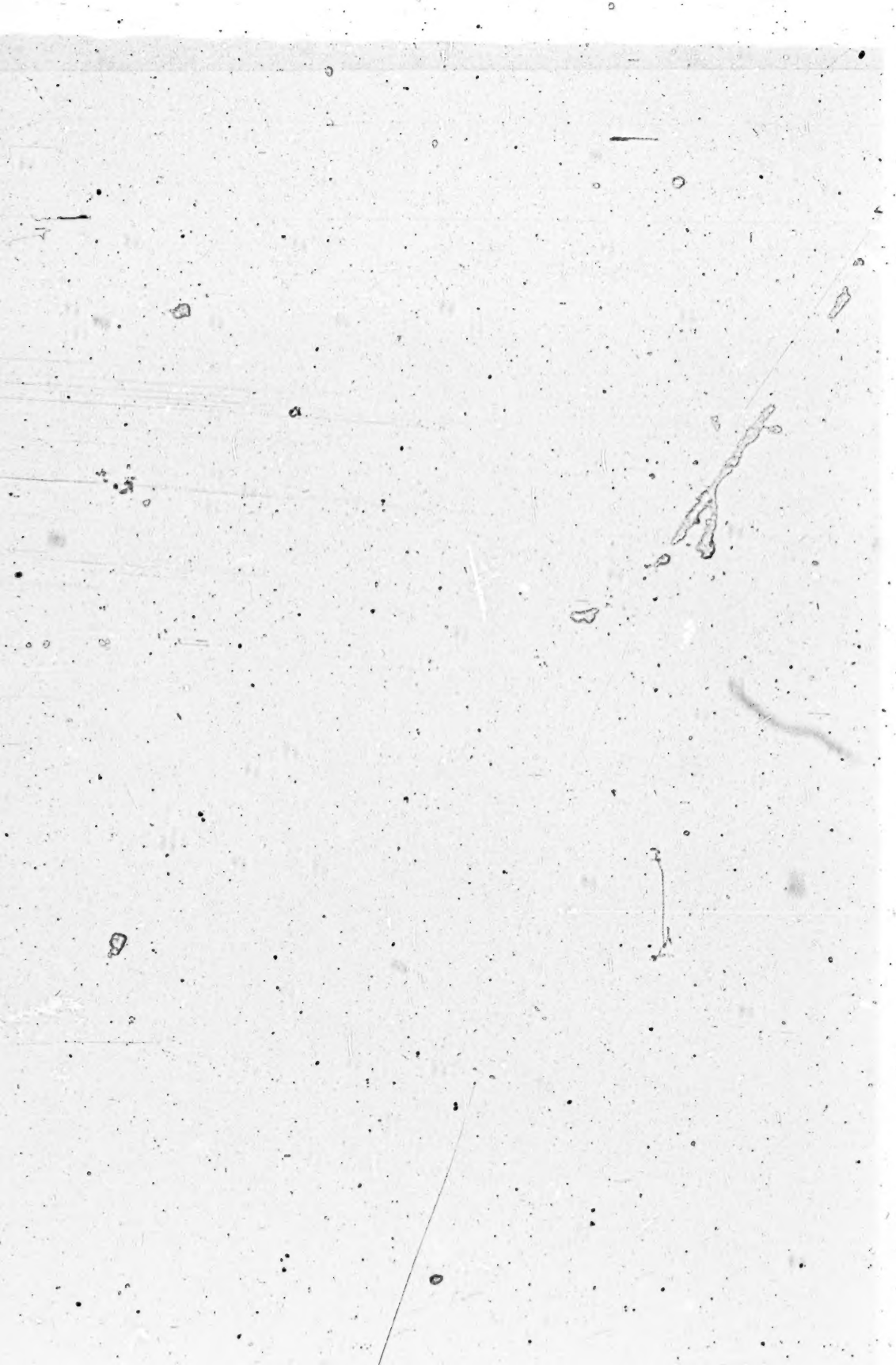
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July, 1951.



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**IN THE
Supreme Court of the United States**

OCTOBER TERM, 1951

NO. 180

**KEROTEST MANUFACTURING COMPANY,
Petitioner,**

v.

C-O-TWO FIRE EQUIPMENT COMPANY, Respondent.

**REPLY BRIEF FOR PETITIONER ON PETITION
FOR WRIT OF CERTIORARI.**

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**REPLY BRIEF FOR PETITIONER ON PETITION
FOR WRIT OF CERTIORARI.**

I.

The conflict of judges and courts in this case, and the conflict of the instant decision with decisions in other Circuits, shows a state of confusion as to rules of priority of actions under the Declaratory Judgment Act and Rule 57, Rules of Civil Procedure, and demonstrates the need for a guiding decision by this Court.

The record is clear on the facts but there is confusion as to the law and legal policy which should control. Two District Court hearings (R. 2a, 3a) and three Court of Appeals hearings (R. 49, 53, 69) led to the filing of the present petition for certiorari, and when the Court of Appeals, upon rehearing *en banc*, reversed the decision of the district judge, Judges Maris and Kalodner dissented (R. 75). Judge Maris, who wrote the dissenting opinion herein, previously wrote the opinion of the Court

of Appeals in all three of the leading cases in the Third Circuit* which were cited as guiding precedents in the conflicting decisions in other Circuits.†

The determination of priority between declaratory actions and infringement suits copending in different districts is a matter of great importance in patent litigation and related fields, and a guiding decision by this Court is needed so that lower courts may make such determinations without delay and expense such as that to which petitioner has been subjected in the present action.

II.

There is a clear conflict between Circuits.

The dissenting opinion of Judges Maris and Kalodner points out the conflict between *Cresta Blanca Wine Co. v. Eastern Wine Corporation*, 143 F. 2d 1012 (C.A. 2, 1944) and *Speed Products Co. v. Tinnerman Products*, 171 F. 2d 727 (C.A.D.C., 1948), on the one hand, and the final majority decision of the Court of Appeals herein, on the other hand (R. 76-78). The opinion of the District Court filed August 18, 1951 likewise

* *Crosley Corporation v. Hazeltine Corporation*, 122 F. 2d 925 (C.A. 3, 1941); *Triangle Conduit & Cable Co. v. National Electric Products Corporation*, 125 F. 2d 1008 (C.A. 3, 1942); and *Crosley Corporation v. Westinghouse Electric & Mfg. Co.*, 130 F. 2d 474 (C.A. 3, 1942).

† *Cresta Blanca Wine Co. v. Eastern Wine Corporation*, 143 F. 2d 1012, 1014 (C.A. 2, 1944); and *Speed Products Co. v. Tinnerman Products*, 171 F. 2d 727, 729, 730 (C.A.D.C., 1948).

supports this conclusion (R. 40a). The majority opinion of the Court of Appeals limits its comment on these decisions to the single observation, "Cf." (R. 74).

Respondent does not attempt to answer the reasoning of Judge Maris but instead attempts to obscure the conflict by referring only to selected portions of the cases and by attempting to argue that the *Cresta Blanca* decision in the Second Circuit, insofar as it is in conflict with the instant decision, was overruled by the later Second Circuit decision in *Hammett v. Warner Bros. Pictures*, 176 F. 2d 145 (C.A. 2, 1949); see respondent's brief, p. 8. The latter contention, however, rests on a mere generality quoted from the *Hammett* opinion, and respondent wholly fails to answer the points made in petitioner's brief (pp. 17, 18) regarding the *Hammett* case.

Respondent bases its analysis of the conflicting decisions cited by petitioner on the false premise that petitioner is seeking "duplicate litigation". Petitioner is not seeking to duplicate its litigation with respondent but, on the contrary, is seeking to conduct its own litigation in Delaware independently of the litigation separately instituted by respondent against a third party (Acme) in Chicago. These two litigations are not between the same parties and consequently are not duplicates (pet. br., p. 18).

-4-

III.

A prompt trial, without extraneous issues, may be had in Delaware.

Respondent's present position, that "there are no extraneous issues" in the Chicago action (resp. br., p. 9), is contrary to the affidavit of its counsel that the Chicago action against Acme includes any other infringing valves in addition to those purchased from petitioner (R. 12a). The affidavit thereby concedes a further distinction between petitioner's litigation against respondent in Delaware and respondent's separately instituted litigation against Acme in Chicago.

Respondent further asserts that "Petitioner, plainly, is more interested in delay than prompt trial" (resp. br., p. 10). That statement is applicable to respondent rather than to petitioner, since petitioner has consistently sought a prompt trial of its action against respondent in Delaware, which could have been obtained with respondent's cooperation (R. 41a). Instead, respondent amended its Chicago action to add petitioner as a party defendant and moved for a stay of the Delaware action, notwithstanding the delay caused by this tactic and the fact that a trial may be had at least as soon in Delaware as in Chicago (R. 41a, 45a). Moreover, respondent gave notice of alleged infringement to petitioner before commencing either of its two infringement suits against petitioner's customers (R. 6a), yet delayed making petitioner a party to any customer suit until after petitioner sued respondent in Delaware, and then offered no reason for joining petitioner in the customer suit *except* the fact that petitioner had commenced the

Delaware action (R. 12a; cf. 39a). Respondent has previously made a like contention that petitioner is seeking delay (R. 81) which was overruled by the Court of Appeals (R. 85).

Respectfully submitted,

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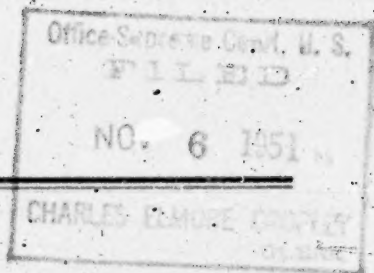
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IN THE
Supreme Court of the United States

OCTOBER TERM, 1951

NO. 180

KEROTEST MANUFACTURING COMPANY,
Petitioner,

v.

C-O-TWO FIRE EQUIPMENT COMPANY, Respondent.

On Writ of Certiorari to the United States Court of
Appeals for the Third Circuit.

BRIEF FOR THE PETITIONER.

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IN THE
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v.

C-O-TWO FIRE EQUIPMENT COMPANY, Respondent.

On Writ of Certiorari to the United States Court of
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BRIEF FOR THE PETITIONER.

OPINIONS BELOW.

The order, findings of fact and conclusions of law of the District Court filed April 21, 1950 (R. 17) are reported in 85 USPQ 185. No opinion was filed.

The opinion of the Court of Appeals filed June 16, 1950 (R. 36) is reported in 182 F. 2d 773.

The opinion of the District Court filed August 18, 1950 (R. 25) is reported in 92 F. Supp. 943. The corresponding order (R. 35), findings of fact and conclusions of law (R. 32) on the full record are unreported.

The vacated opinion of the Court of Appeals filed February 19, 1951 (R. 39) is reported in 88 USPQ 335.

The majority and dissenting opinions of the Court of Appeals on rehearing filed May 24, 1951 (R. 55) are reported in 189 F. 2d 31.*

JURISDICTION.

The judgment of the Court of Appeals was entered May 24, 1951 (R. 65). The petition was filed July 9, 1951, and was granted October 8, 1951. This Court has jurisdiction by virtue of 28 U.S.C. §§ 1254 and 2101.

STATUTES AND RULE INVOLVED.

The Declaratory Judgment Act (62 Stat. 964, amended 63 Stat. 105, 28 U.S.C. §§ 2201-2202) and Rule 57, Rules of Civil Procedure, are reprinted in full in the appendix hereto (p. 30). 62 Stat. 937, 28 U.S.C. § 1404(a), not discussed in the opinions below but referred to herein, is also reprinted in the appendix (p. 32).

STATEMENT.

SUMMARY OF CASE

Parties: Petitioner, a manufacturer of valves, is incorporated in Pennsylvania and has its offices at Pittsburgh, Pennsylvania (R. 4). Respondent, the owner of the two patents in suit, is incorporated in Delaware and has offices at Newark, New Jersey (R. 4).

Action: This is a civil action in the District Court in Delaware wherein petitioner seeks (1) a declaratory judgment that two patents of respondent are invalid

* In 189 F. 2d, p. 32, col. 2, line 16, and R. 56, line 21, "Kerotest" should read "C-O-Two". In R. 59, line 14, "C-O-Two" should read "Kerotest".

and have not been infringed by petitioner, and (2) an injunction enjoining respondent from intimidating petitioner's customers either by charges of patent infringement or by infringement suits (R. 6).

Certiorari: The writ of certiorari is on a judgment (R. 65) of the Court of Appeals for the Third Circuit entered May 24, 1951 (Maris and Kalodner, JJ., dissenting), which reverses the District Court in Delaware and directs the District Court (1) to enter an order staying this action until ten days after the final determination of an infringement action in Chicago, wherein respondent made petitioner a party after petitioner filed its declaratory action, and (2) to dissolve its order enjoining respondent from prosecuting the Chicago action against petitioner (R. 35).

NARRATIVE STATEMENT

Respondent's initial charge of patent infringement by petitioner; petitioner's denial of validity and infringement and challenge to respondent to sue petitioner directly; and respondent's subsequent customer suits: The two patents in suit were originally issued to respondent on August 19, 1947 and November 23, 1948 (R. 4). Respondent charged petitioner with infringement of these patents and petitioner denied both validity and infringement of the patents and challenged respondent to bring suit in order to decide both issues (R. 4). Instead of meeting this challenge directly, respondent first reissued one of the patents and then brought an infringement action on the patents in question against one of petitioner's customers in Detroit (R. 4). On January 17, 1950, a consent decree was entered terminating the Detroit action, and on the same day respondent filed another infringement action on these patents

against another of petitioner's customers, in Chicago (R. 4, 5, 9, 10).

Petitioner's declaratory action against respondent: Petitioner filed the action at bar against respondent on March 9, 1950, setting forth the foregoing facts and seeking a declaratory judgment that respondent's two patents are invalid and not infringed by petitioner (R. 1, 3). At that time petitioner was not a party to the Chicago action, which was then set for trial although the customer-defendant had filed no answer (R. 4, 8, 9, 18). Petitioner's action was brought in Delaware, where respondent is incorporated (R. 4). The Delaware District Court is also relatively convenient to respondent's offices at Newark, New Jersey (R. 4; Newark is about seven times further from Chicago than it is from Wilmington).

Respondent's subsequent (1) amendment of its Chicago action to include petitioner, and (2) motion for stay of petitioner's action: On March 22, 1950, less than two weeks after the filing of petitioner's action, and solely because of it (R. 9), respondent filed an "Amendment of Complaint" in the Chicago action adding petitioner as a party-defendant (R. 12, 13). The amendment alleged no joint act of infringement by petitioner and its customer but merely alleged: that petitioner had made and sold the accused devices to the Chicago customer; that petitioner had agreed to hold the customer harmless; that petitioner was infringing respondent's patents; and that respondent had given petitioner notice of the alleged infringement (R. 13). Petitioner, although a Pennsylvania corporation, having its offices at Pittsburgh, Pennsylvania (R. 4), is registered to do

business in Illinois and was there served with the "Amendment of Complaint". Respondent then quickly filed a motion in the Delaware District Court for a stay of petitioner's action (R. 7).

Petitioner's initial cross-motion for preliminary injunction: Petitioner opposed respondent's motion for a stay of the Delaware action, filed a supplemental complaint asking for preliminary and permanent injunctions against further prosecution by respondent of the Chicago action "either as against [petitioner] alone, or generally, as this Court may deem just and proper" (R. 14, 15), and moved for such a preliminary injunction (R. 15).

The District Court of Delaware entered an order dated April 28, 1950 granting respondent's motion for a stay and denying petitioner's motion for an injunction, for a 90-day period* (R. 17-19).

First appeal: Petitioner appealed, and on June 16, 1950 the Court of Appeals (per Maris, Kalodner and Hastie, JJ.) affirmed, with an opinion noting that the 90-day period was about to expire and that at the end of that period petitioner could renew its motion without prejudice (R. 36). The opinion cited three earlier decisions of the Court of Appeals** and admonished the District Court to apply the principles of these decisions in the event of renewal of petitioner's motion.

Renewed cross-motions: Petitioner renewed its motion for a preliminary injunction, but only as to pros-

* At that time a motion for a stay by the customer was pending in the Chicago court, and also a motion by petitioner to vacate service on petitioner in the Chicago action. Both motions were later denied (R. 23).

** Discussed *infra*, pp. 21, 22, 24, 25.

ecution by respondent of its action in Chicago against petitioner alone (R. 20). The District Court granted the injunction on September 5, 1950, and, applying the three decisions which had been specified in the Court of Appeals' opinion, held that as between petitioner and respondent the Delaware action was the first filed, that the controversy between petitioner and respondent could not be better settled or the relief sought by them more expeditiously and effectively afforded in the Chicago action than in the Delaware action, and that there were no special circumstances taking the case out of the general rule that the first-filed action should proceed (Opinion, R. 25; Findings of Fact and Conclusions of Law, R. 32; and Order, R. 35). Respondent's renewed motion for a stay of the Delaware proceedings was denied (R. 35).

Second appeal: Respondent appealed. On February 19, 1951 the Court of Appeals (per Biggs, Ch. J., and Goodrich and Kalodner, JJ.) reversed the lower court (Judgment, R. 43; Opinion, R. 39).

Petitioner asked for a rehearing (R. 46), which was granted (R. 54). The case was reheard by the Court *en banc*, and on May 24, 1951 the Court vacated its opinion of February 19, 1951 (R. 54) but entered judgment reversing the lower court, directing that the action be stayed until ten days after determination of the Chicago action, and adding "If, however, the prosecution of the Chicago suit be unreasonably delayed, this court will entertain an application for a modification of the order" (Judgment, R. 65; Majority Opinion, R. 55). That judgment is now before this Court on writ of certiorari.

Circuit Judges Maris and Kalodner dissented. Judge Maris filed a dissenting opinion (R. 61) noting

that the majority decision had created a conflict with decisions of other circuits (R. 62, 63).

Certiorari: Petitioner filed its petition for writ of certiorari on July 9, 1951, and the petition was granted October 8, 1951 (R. 73).

SPECIFICATION OF ERRORS.

The Court of Appeals erred:

(a) In holding that respondent, who had deliberately omitted making petitioner a party to successive infringement actions brought against petitioner's customers, may nevertheless thereafter avoid a subsequent declaratory action brought by petitioner in the Circuit where petitioner and respondent are both incorporated and have their offices, by the stratagem of adding petitioner as a party to a pending customer action after, and only after, the declaratory action had begun;

(b) In holding that the District Court, vested with and retaining jurisdiction of petitioner's declaratory action against respondent, which could be tried completely and expeditiously without the presence of any additional party, should require petitioner to litigate the controversy in another Circuit in an action subsequently commenced by respondent against petitioner, merely because such course would permit respondent simultaneously to litigate a controversy between respondent and a third party, which presents some of the same questions but could be tried completely and expeditiously without the presence of petitioner;

(c) In retaining jurisdiction of petitioner's declaratory action not for the purpose of advancing it to

judgment and giving petitioner the relief prayed for, but merely as a club over respondent to compel it to proceed to judgment with an action which it subsequently instituted against petitioner;

(d) In holding that respondent's suit should proceed and petitioner's suit should be stayed because respondent's suit involved more parties than petitioner's suit, notwithstanding the independence of the controversies between the original parties to the respective suits; and

(e) In holding in effect that the District Court abused its discretion in granting petitioner's motion for a preliminary injunction and denying respondent's motion for a stay.

SUMMARY OF ARGUMENT.

While it is undenied that petitioner's declaratory action against respondent relates to an actual justiciable controversy between petitioner and respondent and is the first-filed action on this controversy between these parties, the judgment of the Court of Appeals nevertheless requires petitioner to litigate its controversy with respondent in an action brought by respondent in another district, contrary to (a) the intent of the Declaratory Judgment Act, (b) the express provision of Rule 57 of the Rules of Civil Procedure that the existence of another adequate remedy does not preclude a *judgment* in a declaratory action, (c) the well-recognized rule that the first-filed action between the parties should proceed, and (d) judicial precedents in analogous cases.

The judgment has the general effect of transferring the litigation between petitioner and respondent to

another district, and is explained in the majority opinion below largely in terms of supposed convenience. This amounts to a holding that the Delaware District Court where petitioner brought its declaratory action is *forum non conveniens*, notwithstanding the absence of the necessary strong balance of considerations in favor of a transfer under this doctrine, the failure of respondent to invoke the transfer provisions of 28 U.S.C. § 1404(a) which now embody the doctrine of *forum non conveniens*, and the discretionary conclusion of the District Court that the balance of convenience in the light of all the circumstances does not justify compelling petitioner to litigate its controversy with respondent in another *forum*. There is no showing of abuse of discretion by the District Court in its conclusion as to balance of convenience. Moreover, the Court of Appeals is not justified in effecting indirectly what amounts to a transfer on the basis of convenience when the circumstances do not justify a transfer under the controlling statute, and the controlling statute is not even invoked.

The decision of the Court of Appeals looks only to the immediate advantages of sweeping all of the parties to patent litigation into one court and overlooks the more important ultimate effect in the present situation of aiding patentees who choose to burden the courts and indirectly harass manufacturers of allegedly infringing articles by bringing multiple customer suits instead of proceeding in the first instance against the manufacturers who are the source of the alleged infringement. The judgment permits such a patentee to eat his cake, in the sense of bringing successive customer suits without making the manufacturer a party, and to have it too, in the sense of amending the manufacturer into a pend-

ing customer suit after, and only after, the manufacturer institutes a direct declaratory action against the patentee where the patentee fears to litigate his patents. If this judgment stands the abuse of unnecessary customer suits will go unchecked and undesirable multiple litigation will be encouraged.

ARGUMENT.

I.

Respondent, by bringing successive suits against petitioner's customers while avoiding the direct litigation against petitioner which petitioner had invited when respondent charged petitioner with infringement, has unnecessarily and oppressively multiplied litigation, and should not be permitted to block petitioner's independent declaratory action against respondent by the stratagem of adding petitioner as a party to a pending customer suit and then complaining of "duplicate litigation".

When petitioner denied validity and infringement of respondent's patents in suit, respondent obviously could have brought an immediate infringement suit against petitioner. It chose not to do so. Instead, it brought successive infringement suits against two of petitioner's customers, and avoided a contest with petitioner. Under these circumstances petitioner was entitled to bring its independent declaratory action against respondent, and both the public interest and the balance of equities between the parties are opposed to respondent's subsequent maneuver of amending petitioner into the pending customer action in Chicago for the purpose of blocking petitioner's independent action.

A patentee who is confident of the validity of his patent and of the soundness of his charges of infringement does not shrink from a prompt infringement action against the manufacturer of articles deemed to infringe, since if the patentee wins the suit he is entitled to collect damages and, more important, to suppress the infringing articles at the source. On the other hand, if the patentee loses the suit the judgment protects the manufacturer and enables the manufacturer to restrain the patentee, if need be, from suing the manufacturer's customers; *Kessler v. Eldred*, 206 U.S. 285. Either way, the single action against the manufacturer, without any suit by the patentee against individual customers for their acts of using the accused articles, disposes of the whole problem for all practical purposes, even though use by each customer gives rise, as a matter of law, to a cause of action for infringement separate and distinct from the cause of action against the manufacturer for his acts of making and selling; *Birdsell v. Shaliol*, 112 U.S. 485.

The interest of the general public is best served when a patentee brings a direct suit against the manufacturer of articles alleged to infringe the patent, rather than against the manufacturer's customers, because:

- (1) The public interest in a fair and full test of the patent on the issues of validity and infringement is best protected by the manufacturer, who has the most at stake on these issues;

- (2) A suit between a patentee and manufacturer gives each a full opportunity to settle the controversy at the source, with the greatest economy of time and expense; and

(3). The customers of the manufacturer are spared litigation in which they ordinarily have only a minor interest.

A patentee with a weak case, on the other hand, is likely to adopt the circuitous strategy of avoiding a direct test with the manufacturer of the accused device and engaging upon a campaign of multiple suits against customers, in spite of the necessarily greater expenditure of time and money, and the multiple judicial load. The record shows that this was precisely the strategy of respondent until petitioner brought its declaratory action.*

Advantages, tactical and substantive, that owners of weak patents stand to gain by avoiding manufacturer suits and pressing customer suits are as follows:

(a) A patentee can bring one customer suit after another, without fear of an adverse decision in one necessarily barring another, *Triplett v. Lowell*, 297 U.S. 638, 645, whereas a decision adverse to the patentee in a suit including a manufacturer furnishes a basis for restraining further interference by the patentee with the manufacturer's customers; *Kessler v. Eldred*, 206 U.S. 285.

(b) Customer suits give the patentee a wider choice of venue than that appropriate for infringement or declaratory judgment actions directly be-

* Respondent could as readily have joined petitioner as a defendant when it originally commenced the Chicago customer action as it did after the filing of the case at bar by petitioner, since petitioner has been registered to do business in Illinois and has had an office in Chicago since about 1940 (R. 17).

tween the patentee and the manufacturer, and this enables the patentee to sue where he thinks a weak patent is most likely to be sustained, instead of in a circuit suspected to have higher standards of patentability.

(c) The notoriety of one or more pending customer suits is even more likely to frighten customers away from the manufacturer than a suit directly against the manufacturer.

(d) Customers ordinarily have less interest than the manufacturer in the issues of validity and infringement, and consequently are less difficult antagonists than the manufacturer.

(e) Customers are more likely to take a consent decree (as in the case of the Detroit customer in the present case; R. 10). A series of consent decrees not only binds the consenting customers but also serves to bolster up the patentee's case when he finally goes to trial.*

Respondent undertakes to explain its bringing two customer suits without making petitioner a party on the ground that respondent's business is competitive with the business of the customers rather than with the business of petitioner (respondent's brief in opposition to petition for writ of certiorari, p. 2). The implication is that respondent was thinking only about the customers when it brought the customer suits, but this was evidently not the case because it had previously charged petitioner with infringement and obviously knew that

* See, e.g., *Sanson Hosiery Mills v. Glen Raven Knitting Mills*, 95 F. Supp. 134, 136, 137 (Dist. Ct., M.D., N.C., 1950), aff'd 189 F.2d 845 (C.A. 4, 1951).

petitioner was a manufacturer of the allegedly infringing valves. Moreover, it is irrelevant how the various parties compete. The claims of the patents in suit all relate to certain valve assemblies, which petitioner is expressly charged with "making" (R. 4, 13). Since petitioner makes the valves in suit in its declaratory action it is a "manufacturer" and its vendees are "customers" for the purpose of this action. It seems strange for respondent to insist that petitioner's customers are "manufacturers" for purposes of litigation to enforce the patents in suit, and to assert that respondent sued them for infringement because their products competed with respondent's products, considering that the products of petitioner's customers are complete fire extinguishers *which are per se outside of the claimed patent monopoly.*

Respondent has also made much of a desire to avoid "duplicate litigation" (respondent's brief in opposition to petition for writ of certiorari, pp. 3, 5, 6, 8-10) and the consequent "unnecessary and expensive burden on [respondent]" (R. 8). Such a contention is hardly consistent with respondent's actions in bringing successive customer suits, and is well answered in the language of the court in *Western Electric Co., Inc. v. Hammond*, 135 F. 2d 283, 288 (C.A. 1, 1943):

"* * * so far as this situation presents a hardship to the patentee in defending the declaratory judgment suit, it is a hardship of his own making, for the patentee might have sued the manufacturer directly for damages and for an injunction against further infringement, but, instead, chose to harass the manufacturer's customers."

At the time petitioner brought its action it was not a party to any other pending action on the same patents—respondent was clearly avoiding litigation directly with petitioner—and had at least as much right to bring an independent declaratory action against respondent as respondent had to bring independent actions against petitioner's customers; *Penn Electric Switch Co. v. United States Gauge Co.*, 129 F. 2d 166 (C.A. 7, 1942), and R. 29-30. Petitioner would certainly have had the right to proceed with its declaratory action if it had not been made a party to the Chicago action, and the equities are against respondent in its subsequent maneuver of adding petitioner to the Chicago action for the purpose of blocking petitioner's action. As noted in the *Penn Electric Switch* case, *supra*, 129 F. 2d, at pp. 167-8:

“A long delayed suit for alleged infringements of an alleged valid patent, after a somewhat extensive attack on customers,—a sort of a guerrilla warfare,—does not appeal to a court of equity, even though the infringement suit was brought before the declaratory judgment suit was begun.”

Petitioner's action should accordingly proceed, and an injunction should issue against further proceedings by respondent against petitioner in the Chicago action; such was the holding of the District Court (R. 34).

The Court of Appeals held otherwise (Circuit Judges Maris and Kalodner dissenting), and decided in favor of withholding petitioner's right to a declaratory judgment and sweeping all of the parties into the Chicago court (R. 55, 60). This means that a patentee can commence successive customer suits without making the manufacturer of the allegedly infringing articles a

party to any suit, and yet can retain control over the venue and parties to litigation of the patents in suit by amending the manufacturer into a pending customer suit whenever the manufacturer commences an independent declaratory action. The effect is to give unnecessary and undesirable encouragement to campaigns of multiple customer suits. The judgment of the Court of Appeals, which is based on mere considerations of immediate expediency, ignores the equities of the case and the public interest, and should be reversed.

If the Court of Appeals' judgment stands the abuse of customer suits will go unchecked and oppressive multiple litigation will be encouraged.

II.

The Court of Appeals decision that all patent litigants should be swept into one court regardless of priority and independence of actions is contrary to reason, rule and precedent.

(1) Petitioner's declaratory action is the first-filed action on the controversy in suit, and should proceed: The necessary and long-recognized rule for resolving conflicts of jurisdiction between different courts was stated by Mr. Chief Justice Marshall in *Smith v. M'Iver*, 9 Wheat. 532, 535, as follows:

"In all cases of concurrent jurisdiction, the court which first has possession of the subject must decide it."

When the rule that the first-filed case should proceed is applied to the present case, the record makes it clear that the first-filed action between petitioner and respondent on the patents in suit is petitioner's declara-

tory action in Delaware (R. 18, 32, 33, 56). It was not until after the filing of petitioner's action that respondent amended its pending Chicago action by filing an additional and separate "Amendment of Complaint" and having it served on petitioner (R. 12, 17).

This addition of petitioner as a party to the Chicago action did not relate back in time to the original filing date of the Chicago action against the customer alone; see District Court's findings of fact, par. 9, R. 33, and opinion, R. 30. When the Court of Appeals held that respondent's original Chicago action against the customer alone was the "first action" for purposes of priority of petitioner's declaratory action against petitioner (R. 59), it did not assert that the Chicago action was the first-filed action *between petitioner and respondent*, but instead took the position that there is a common "controversy" as to the same patents in the two suits as originally filed, and that petitioner's declaratory action was the second-filed action as to such "controversy," ignoring entirely the difference in parties in the two actions.

This holding of the Court of Appeals is based on a fundamental error, since in a legal sense a "controversy" necessarily involves parties as well as subject matter; *Smith v. Adams*, 130 U.S. 167, 173-174; *Interstate Commerce Comm. v. Brimson*, 154 U.S. 447, 488; *Muskrat v. United States*, 219 U.S. 346, 361; *Fidelity Nat. Bank v. Swope*, 274 U.S. 123, 134. The constitutional meaning of the term "controversy" for purposes of the Declaratory Judgment Act (28 U.S.C. §§ 2201-2202) is defined in *Aetna Life Ins. Co. v. Haworth*, 300 U.S. 227, 240-241, as follows (emphasis supplied):

"The controversy must be definite and concrete, touching the legal relations of parties having adverse legal interests."*

The identity of parties cannot properly be overlooked in the case at bar, especially since actions on a patent are *in personam* and not *in rem*; *Triplett v. Lowell*, 297 U.S. 638, 645.

Although at least some of the issues of patent validity and infringement raised in the original Chicago action of respondent against a customer are also raised in the subsequent action of petitioner against respondent in Delaware, it does not follow that the Delaware court is thereby precluded from adjudicating these issues; as held in *Buck v. Colbath*, 3 Wall. 334, 345:

"But it is not true that a court, having obtained jurisdiction of a subject-matter of a suit, and of parties before it, thereby excludes all other courts from the right to adjudicate upon other matters having a very close connection with those before the first court, and, in some instances, requiring the decision of the same questions exactly.

"In examining into the exclusive character of the jurisdiction of such cases, we must have regard to the nature of the remedies, the character of the relief sought, and the identity of the parties in the different suits." [Emphasis supplied].

Petitioner's declaratory action was the first-filed action between the parties to it, and as such it should proceed to judgment.

* To the same effect see *Maryland Casualty Co. v. Pacific Co.*, 312 U.S. 270, 273.

(2) The availability of a merely alternative remedy in the customer action in Chicago does not justify withholding adjudication of petitioner's declaratory action: Rule 57 of the Rules of Civil Procedure contains the following provision:

"The existence of another adequate remedy does not preclude a *judgment* for declaratory relief in cases where it is appropriate." [Emphasis supplied].

This rule is ignored in the instant decision of the Court of Appeals, which holds that the district court properly accepted jurisdiction of petitioner's declaratory action but erred in granting petitioner's motion for an injunction against respondent proceeding against petitioner in the subsequently amended Chicago action, and in denying respondent's motion for a stay (R. 65). The judgment of the Court of Appeals directs staying the action,* and prevents petitioner from proceeding to judgment in its declaratory action in Delaware because of the existence of an alternate remedy in the Chicago action, either in the form of possible intervention by petitioner in the Chicago action at the time petitioner filed its independent Delaware action (R. 59), or in the form of possible defense by petitioner in the Chicago action after being made a party thereto subsequent to the filing of petitioner's Delaware action (R. 60). In either case possible participation in the Chicago action

* In spite of lack of jurisdiction over the District Court's denial of respondent's motion for a stay; *Dowling Bros. Distilling Co. v. United States*, 153 F. 2d 353 (C.A. 6, 1946); *Triangle Conduit & Cable Co. v. National Electric Products Corporation*, 127 F. 2d 524 (C.A. 6, 1942). A grant of stay is likewise not a subject of appeal; *Cover v. Schwartz*, 112 F. 2d 566 (C.A. 2, 1940).

is no more than an alternate remedy, and hence the Court of Appeals' decision is in direct conflict with the above-quoted provision of Rule 57.

The Notes of Advisory Committee on Rules regarding Rule 57* contain no suggestion that a declaratory action is any more precluded by the possibility of participating in another pending action than it is by the existence of any other form of alternate remedy. The following unequivocal comments in the Notes on Rule 57 indicate that there is no basis for such distinction:

"When declaratory relief will not be effective in settling the controversy, the court may decline to grant it. But the fact that another remedy would be equally effective affords no ground for declining declaratory relief."

In the present case the controversy between petitioner and respondent can be settled at least as effectively in petitioner's declaratory action as in respondent's later amended infringement action; the District Court so held (R. 34) and the Court of Appeals did not question this conclusion (R. 55-61).

Even before Rule 57 became effective (Rule 86) it was recognized that a declaratory action by an alleged patent infringer against the patentee should not be dismissed because of the availability of another adequate remedy in the form of an infringement action subsequently instituted against the declaratory plaintiff in another court; see *E. W. Bliss Co. v. Cold Metal Process Co.*, 102 F. 2d 105, 109 (C.A. 6, 1939):

* 28 U.S.C.A., annotation under Rule 57.

"Aside from adherence to the familiar rule that the court which first acquires jurisdiction of a controversy should be permitted to conclude it, we recognize that it has been the thought of the proponents of declaratory judgment statutes, State and Federal, that the alternative remedy provided should not be foreclosed by the existence of other remedies equally effective, a concept which has now found expression in Rule 57 of the Rules of Civil Procedure for the District Courts of the United States, 28 U.S.C.A. following section 723c, adopted by the Supreme Court pursuant to the act of June 19, 1934, Chapter 651, 27 U.S.C.A. §§ 723b, 723c. This provides: 'The existence of another adequate remedy does not preclude a judgment for declaratory relief in cases where it is appropriate.' While Rule 57 was not in force at the time of the decree below, it derives from experience with declaratory judgment statutes in the States."*

It has since become generally recognized that an alleged infringer is entitled to proceed to judgment on his declaratory action against a patentee notwithstanding the later filing of an infringement action against him by the patentee:

(a) In the Third Circuit in *Crosley Corporation v. Hazeltine Corporation*, 122 F. 2d 925 (1941), cert. denied 315 U.S. 813; *Triangle Conduit & Cable Co., Inc. v. National Electric Products Corporation*, 125 F. 2d 1008

* A quotation to the same effect from *Employers' Liability Assur. Corp. v. Ryan*, 109 F. 2d 690, 691 (C.A. 6, 1940) appears in the brief accompanying the petition for certiorari, p. 21.

(1942), cert. denied 316 U.S. 676; *Crosley Corporation v. Westinghouse Elec. & Mfg. Co.*, 130 F. 2d 474 (1942), cert. denied 317 U.S. 681;*

(b) In the Sixth Circuit in *E. W. Bliss Co. v. Cold Metal Process Co.*, 102 F. 2d 105 (1939), *supra*; and

(c) In the Seventh Circuit in *Milwaukee Gas Specialty Co. v. Mercoid Corporation*, 104 F. 2d 589 (1939); *Independent Pneumatic T. Co. v. Chicago Pneumatic T. Co.*, 74 F. Supp. 502 (Dist. Ct., N.D. Ill., E.D., 1947), *aff'd*, per curiam 167 F. 2d 1002 (C.A. 7, 1948), cert. denied 335 U.S. 823.

It is further generally recognized, and not disputed here, that an alleged infringer who is entitled to proceed to judgment against a patentee in a declaratory action is entitled to an injunction restraining the patentee from proceeding against the declaratory plaintiff in another court; *Crosley v. Hazeltine*, *Triangle v. National*, *Crosley v. Westinghouse* and *Independent Pneumatic v. Chicago Pneumatic*, *supra*.

The same principles of priority and restraint by injunction have been recognized and applied in the same way in cases of copending suits in federal courts on trade-mark matters; *Cresta Blanca Wine Co., Inc. v. Eastern Wine Corporation*, 143 F. 2d 1012 (C. A. 2,

* The Court of Appeals in its instant majority opinion does not question the soundness of its earlier decisions in *Crosley v. Hazeltine*, *Triangle v. National* and *Crosley v. Westinghouse*, *supra*, but argues that they do not lay down a "rule of thumb" (R. 60). The first opinion of the Court of Appeals instructed the District Court to follow the "guiding principles" of these cases (R. 38). The District Court did so (R. 26-30, 57, 61) and is now reversed (R. 65).

1944); *Speed Products Co. v. Tinnerman Products*, 171 F. 2d 727 (C.A. D. C., 1948).

Under Rule 57 declaratory actions are of at least equal dignity with conventional actions for purposes of determining which of two pending actions between the same parties should proceed. The fact that petitioner's action is declaratory in form affords no justification, therefore, for staying petitioner's action against respondent and for allowing respondent's later amended action against petitioner on the same subject to proceed. The express terms of Rule 57 of the Rules of Civil Procedure forbid this result.

(3) The mere fact that there is an additional party in the amended customer action does not justify blocking petitioner's direct action: The instant decision of the Court of Appeals rests on an alternative proposition that irrespective of priority of suit the controversy between petitioner and respondent should be tried in Chicago instead of in Delaware because the Chicago court provides a single forum for litigation of all the controversies between respondent, petitioner and the Chicago customer. While in the short run this policy of sweeping all the parties into one court regardless of other considerations may seem convenient, in the long run it results in greater inconvenience as a result of multiple customer suits, for the reasons pointed out in section I of this brief. Moreover, it leads to a result directly contrary to the normal rules of priority of actions and to Rule 57 of the Rules of Civil Procedure as pointed out in sections II (1) and (2) hereof, pp. 16-23.

This alternative proposition of the Court of Appeals in the present case is contrary to the decision in *Memphis*

City v. Dean, 8 Wall. 64. In that case a gas company had brought suit against another gas company regarding their respective rights to operate in a city, and a stockholder of the first company thereafter began a second suit on behalf of the first company against the second company and also against the city itself, for breach of contract. The second suit was dismissed notwithstanding the stockholder's objections that his suit should proceed in preference to the first suit in view of the additional presence of the city in his suit. An opposite conclusion would result from the reasoning of the majority opinion of the Court of Appeals in the instant case, that regardless of which suit is previously or subsequently begun between the parties (R. 60), the suit which ultimately involves the most parties should proceed.

The closest precedent on its facts in the patent field is the case of *Triangle Conduit & Cable Co., Inc. v. National Electric Products Corporation*, 125 F. 2d 1008 (1942) where the Court of Appeals for the Third Circuit reached an opposite conclusion from that which it reached in the present case on the basis of facts essentially identical except that the copending infringement action was brought against the customer *after* the filing of the manufacturer's declaratory action instead of *before* as in the present instance. There, as here, the manufacturer's declaratory action was the first filed action as to the controversy between the manufacturer and petitioner, and there, as here, the patentee attempted to shift the litigation to another court with an additional party by the stratagem of making the manufacturer a party to another action. The same holding in that case, that the declaratory action should proceed and that the patentee

should be enjoined against proceeding against the manufacturer in the infringement action subsequently instituted against the manufacturer, should apply here. The first decision of the Court of Appeals herein pointed to the guiding principles of the *Triangle* case (R. 38); the District Court followed this precedent in reaching its decision (R. 28); and the dissenting opinion of Circuit Judges Maris and Kalodner points out that the factual difference between the *Triangle* case and the present case is without legal significance (R. 62).

The majority opinion of the Court of Appeals attempts to distinguish the present situation from the *Triangle* case by relating all matters of priority to the original customer suit which did not include petitioner as a party, which is unsound for the reasons pointed out in section II (1) of this brief (pp. 16-18) and goes on to hold that respondent's infringement action should proceed as against both customer and petitioner in order to avoid two trials. On the latter basis the present decision of the Court of Appeals is directly contrary to its earlier decision in the *Triangle* case, where it was expressly held that the patentee might sever the action against the customer and proceed with it while the manufacturer's declaratory action proceeded against the patentee; see *Triangle v. National*, 125 F. 2d, at p. 1009.

Analogous factual situations and legal problems are sometimes presented in copending trade-mark actions in different federal courts, and the instant decision of the Court of Appeals is in conflict with the decisions in *Cresta Blanca Wine Co., Inc. v. Eastern Wine Corporation*, 143 F. 2d 1012 (C.A. 2, 1944), and *Speed Products Co. v. Tinnerman Products*, 171 F. 2d 727 (C.A. D.C.,

1948), as explained in detail in the dissenting opinion (R. 62-64); cf. the District Court opinion (R. 30-31). The majority opinion cites these cases with no further comment than "cf." (R. 60).

The majority opinion of the Court of Appeals relies for precedent on *Hammett v. Warner Bros. Pictures, Inc.*, 176 F. 2d 145 (C.A. 2, 1949), but does not specify how the case applies (R. 60). The dissenting opinion, however, discusses distinguishing features of the *Hammett* case, and in particular points to the key fact that the declaratory action in that case, although the first filed as to the parties to it, "would settle only a part of the controversy between the parties to it" (R. 64; *Hammett v. Warner Bros.*, 176 F. 2d, at p. 149). The *Hammett* case related to a complex situation involving both copyright infringement and unfair competition, and the opinion points out that the situation is "* * * in contrast to the situation in the more usual patent and insurance cases where the issues of infringement and validity of a patent or license and of liability and coverage are usually clearly separable" (p. 150). The majority opinion of the Court of Appeals now points to the *Hammett* case as "perhaps" the closest on the facts (R. 60), but the first opinion of the Court of Appeals on this case does not even mention the *Hammett* case as a guiding precedent (R. 36-38), although respondent had argued the case at the hearing.

III.

Petitioner's action is in a forum convenient to the parties thereto, and there is accordingly no basis for transfer under the doctrine of forum non conveniens.

The forum of petitioner's action is in Delaware, which is the state of respondent's incorporation and is near both respondent's Newark offices (R. 4) and the New York offices of its counsel. The convenience of witnesses is, if anything, likely to be better served by the forum in Delaware than in the alternative forum of Chicago—certainly nothing to the contrary appears. Respondent has indicated by its acts that it has no genuine objection to multiple litigation; cf. the independent suits against the Detroit and Chicago customers (R. 4-5); and consequently respondent is in no position to urge consolidation of all litigation on its patents. Petitioner, on the other hand, would be inconvenienced and might become prejudiced by complications arising out of a joint defense with the Chicago customer. Moreover, the District Court has found that "There is nothing to indicate that with the full cooperation of [respondent], who allegedly is seeking an early trial, the trial in this jurisdiction may not be had expeditiously and some slight delay would seem too slim a basis for departure from recognized principles" (R. 31).

Respondent has tacitly conceded that it is not entitled to a transfer on the basis of *forum non conveniens* by its failure to invoke the transfer provisions of 28 U.S.C. § 1404(a), which now embodies this doctrine and reads as follows:

"For the convenience of parties and witnesses, in the interest of justice, a district court may transfer any civil action to any other district or division where it might have been brought."

This Court has cautioned that "unless the balance is strongly in favor of the defendant, the plaintiff's choice of forum should rarely be disturbed"; *Gulf Oil Corp. v. Gilbert*, 330 U.S. 501, 508. The balance of convenience in this case has been considered by the District Court, which found that petitioner's choice of forum should not be disturbed. Although the Court of Appeals reversed the District Court, it did not find any abuse by the District Court of its discretion to weigh the balance in the first instance (R. 55-61; cf. dissenting opinion, R. 61), nor did it find that on the record the balance is *strongly* in favor of disturbing petitioner's choice of forum.

The majority opinion of the Court of Appeals (R. 55) confuses jurisdictional considerations as to first-filed cases and declaratory actions with change of venue considerations, and arrives at a decision which amounts in practical effect to a transfer of petitioner's action from Delaware to Chicago, but without any consideration of 28 U.S.C. § 1404(a), which is the statute enacted by Congress to control transfers of actions for reasons of convenience. When the doctrine of *forum non conveniens*, which is what the majority opinion of the Court of Appeals seems to have in mind, is applied to the present case it becomes clear that the decision of the Court of Appeals is in error, since the controlling statute is not invoked and there is not such a strong balance in favor of transferring petitioner's Delaware action as is required to justify transfer under this doctrine and the

controlling statute which now embodies it. Moreover, the decision of the Court of Appeals encourages unnecessary multiple litigation, as pointed out in section I hereof (pp. 10-16), and hence is not "in the interest of justice," as additionally required by the controlling statute.

CONCLUSION.

For the reasons stated it is respectfully submitted that the judgment of the District Court should stand, and the judgment of the Court of Appeals should be reversed.

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November, 1951.

APPENDIX.

The following acts and rule have been in effect as quoted below from the time the action at bar was filed to date:

(1) The Declaratory Judgment Act, 62 Stat. 964, amended 63 Stat. 105, 28 U.S.C. §§ 2201-2202:

"§ 2201. Creation of remedy

In a case of actual controversy within its jurisdiction, except with respect to Federal taxes, any court of the United States, upon the filing of an appropriate pleading may declare the rights and other legal relations of any interested party seeking such declaration, whether or not further relief is or could be sought. Any such declaration shall have the force and effect of a final judgment or decree and shall be reviewable as such."

"§ 2202. Further relief

Further necessary or proper relief based on a declaratory judgment or decree may be granted, after reasonable notice and hearing, against any adverse party whose rights have been determined by such judgment."

(2) Rule 57, Rules of Civil Procedure:

"The procedure for obtaining a declaratory judgment pursuant to Title 28, U.S.C., § 2201, shall be in accordance with these rules, and the right to trial by jury may be demanded under the circumstances and in the manner provided in Rules 38 and 39. The existence of another adequate remedy does not preclude a judgment for declaratory relief in

cases where it is appropriate. The court may order a speedy hearing of an action for a declaratory judgment and may advance it on the calendar."

(3) 62 Stat. 937, 28 U.S.C. § 1404(a):

"(a) For the convenience of parties and witnesses, in the interest of justice, a district court may transfer any civil action to any other district or division where it might have been brought."

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IN THE
Supreme Court of the United States

OCTOBER TERM, 1951

NO. 180

KEROTEST MANUFACTURING COMPANY,
Petitioner,

v.

C-O-TWO FIRE EQUIPMENT COMPANY, Respondent.

On Writ of Certiorari to the United States Court of
Appeals for the Third Circuit.

REPLY BRIEF FOR PETITIONER.

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REPLY BRIEF FOR PETITIONER.

This reply brief will be limited to (1) an application of the facts which respondent ignores in its presentation, (2) a discussion of the decisions of this Court newly cited by respondent, and (3) a brief rebuttal on other decisions discussed in the briefs of both petitioner and respondent. Nothing else in the Brief for Respondent requires, or merits, further discussion here.

I.

Respondent's arguments ignore salient facts and are fatally inconsistent with the factual situation in its entirety.

(1) Perhaps the most significant facts ignored by respondent are that respondent charged petitioner with infringement of the patents shortly after they were originally issued and that petitioner denied validity and infringement and invited respondent to sue petitioner (R. 4; Resp. Br., p. 8).

These facts make it plain that respondent knew when it filed its customer suits that petitioner was engaged in the manufacture and sale of devices alleged to infringe the patents in suit. When respondent failed to accept petitioner's challenge to sue petitioner directly but instead adopted the policy of suing only those to whom petitioner has sold the accused devices, respondent must have been aware that it was harassing petitioner indirectly. It was not until after petitioner brought its declaratory action, and *only* because petitioner had done so (Resp. Br., p. 7) that respondent filed any action directly against petitioner.

Respondent's characterization of its policy of litigation as "a straightforward and orderly procedure" does not accord with the fact that its initial charge of infringement was levelled against petitioner, or with the fact that it is the devices which petitioner makes and its customers buy, rather than the fire extinguishers in which the customers incorporate those devices, that are said to be infringements (Resp. Br., p. 7).

The mere fact that petitioner's vendees incorporate the accused devices into assemblages, not patented as such, has no relevance to their status as "customers" of petitioner (cf. Resp. Br., pp. 3-4, 6). Neither should it be given any weight in support of the contention that Acme, rather than petitioner, is respondent's "actual" competitor (Resp. Br., p. 6); the real significance of the contention is that it reveals an intent by respondent to use the patents as instruments for creating a monopoly broader than the scope of the patents (Resp. Br., p. 7).

(2) Respondent's contention that a suit against petitioner would not be as effective in ending "the infringement" and "the litigation" as the suit against Acme (Resp. Br., p. 6) is specious. Why did respondent initially charge *petitioner* with infringement, if it was not to frighten or persuade petitioner into quitting the sale of the accused devices not only to Acme but to all others?

(3) The disingenuous suggestion that a suit by respondent against petitioner "might be regarded by Acme as unfair and harassing" (Resp. Br., p. 6) is rebutted by the fact that Acme sought to obtain a stay of the action against it pending the determination of this action (R. 22) and is inconsistent with respondent's initial charge of infringement against petitioner.

(4) Despite its initial charge of infringement against petitioner and its subsequent avoidance of direct litigation to implement the charge, respondent now charges *petitioner* with "insincerity" (Resp. Br., p. 8), contending that instead of bringing this action petitioner should have intervened in one of the customer actions or should have brought the declaratory action

at an earlier date. Of the same kidney is the charge that petitioner "wanted to shift the forum" (Resp. Br., p. 10)—this in disregard of the fact that respondent plainly elected not to sue petitioner in Chicago or any other forum until after this action had been brought in Delaware, and then itself sought (and still seeks) to "shift the forum" from Delaware to Chicago.

Petitioner's decision to proceed by way of a declaratory action rather than by intervention was a proper one. The situation was of the sort contemplated by the Declaratory Judgment Act and Civil Rule 57. The fact that months had elapsed after the initial charge of infringement, without the commencement of an infringement action by respondent against petitioner, emphasized rather than minimized the desirability of bringing the matter to a head; cf. *Aetna Life Insurance Company v. Haworth*, 300 U.S. 227, 239.* Until respondent's policy of customer harassment had been firmly indicated by the second customer suit, petitioner could attach some significance to respondent's failure to follow up its initial charge of infringement. Less than two months elapsed between the commencement of the Chicago action by respondent and the commencement of this declaratory action by petitioner (R. 3, 4-5) and only a little over six months elapsed between the commencement of the Detroit action by respondent and the commencement of this action (R. 3, 4); cf. *E. W. Bliss Co. v. Cold Metal Process Co.*, 102 F. 2d 105, 109 (C.A. 6, 1939).

* *Clair v. Kastar, Inc.*, 148 F. 2d 644 (C.A. 2, 1945), which respondent cites to excuse its delay in suing petitioner, applies principles which are equally applicable to justify the timing of petitioner's action against respondent.

Respondent's assertion (Br., p. 10) that "General Detroit asked petitioner to defend" is a misstatement (see R. 10, 17).

Granting that petitioner would no doubt have been permitted to intervene in the Detroit or the Chicago suit, it does not follow that petitioner should have done so rather than to bring this action; if that were so, virtually all the declaratory actions which have been brought following the initiation of "customer" suits by patentees would have to have been stayed or dismissed and the "salutary rule" enounced in *Crosley Corp. v. Hazeltine Corp.*, 122 F. 2d 925 (C.A. 3, 1941), "would be largely nullified"; *Triangle Conduit & Cable Co. v. National Electric Products Corp.*, 125 F. 2d 1008, 1009 (C.A. 3, 1942). Moreover, petitioner cannot be criticized for preferring to litigate its controversy with respondent in a separate action, where it would have a free hand in establishing its contentions without regard to possible equities as against others, or conflicting theories as to the conduct of the case, or extraneous issues in regard to any third parties. As an example of such extraneous issues, it is noted that respondent charges the Chicago customer not only with purchasing allegedly infringing articles but also with making them itself (R. 9, 12).

Late in its brief (p. 25) respondent grudgingly concedes that this action was "properly brought" while elsewhere insisting that it was brought "apparently for delay and obstruction" (Resp. Br., p. 4). It should be a sufficient answer to quote from the opinion of District Judge Rodney herein (R. 31):

"The parties with which we are solely concerned are Kerotest and C-O-Two. Nothing is apparent to in-

dicade that the Chicago action will settle the controversy between these parties better or more effectively. A date for the trial of the Chicago action is said to have been set for September, 1950, and this may give some apparent basis for the contention that the litigation there will be concluded more expeditiously. Whether the matter can be heard at that time must be problematical. There is nothing to indicate that with the full cooperation of the defendant, who allegedly is seeking an early trial, the trial in this jurisdiction may not be had expeditiously and some slight delay would seem too slim a basis for departure from recognized principles."

(5) The facts above noted show the hollowness of respondent's contention (Br., p. 4) that permitting this action to proceed would result in "injustice" and "duplication of litigation." Just what "injustice" may be apprehended by respondent is not clear and the proposition is so palpably unsupported that it needs no refutation. So far as concerns "duplication of litigation," the essential point is that, as respondent itself repeatedly recognizes (e.g., Resp. Br., p. 7, p. 8), and as Judge Rodney noted (R. 31), the controversy between petitioner and respondent is not the same controversy as that between respondent and Acme.

II.

The decisions of this Court in Brillhart v. Excess Ins. Co. and Landis v. North American Co. do not apply.

Neither of the cases here to be discussed was cited by respondent in the courts below. The opinion and order of the District Court herein do not contravene them, and the majority decision of the Court of Appeals herein is not supported by them:

(1) *Brillhart v. Excess Ins. Co.*, 316 U. S. 491, was considered by this Court "In view of the important question affecting the inter-relationship of the state and federal courts in the administration of the Federal Declaratory Judgments Act, 28 U.S.C. § 400 * * *"; 316 U. S., at p. 494. The ultimate consideration there was whether the case in the federal court could "better be settled in the proceeding pending in the state court"; 316 U. S., at p. 495. The substantive merits of the dispute were governed by state law, which in itself was a strong reason in favor of declining Federal jurisdiction. Furthermore, "Gratuitous interference with the orderly and comprehensive disposition of a state court litigation should be avoided"; 316 U. S., at p. 495.

In the present case both the procedural and substantive law to be applied are exclusively federal, and the district court in Delaware is as well able to afford complete and comprehensive relief as any other district court on the controversy between petitioner and respondent. Similarly, the district court in Chicago is capable of affording a complete settlement of the controversy between respondent and Acme, without the presence of petitioner as an additional party.

Reply Brief for Petitioner.

The facts in the *Brillhart* case differ in material respects from those presented in the present case. Brillhart was the administrator of the estate of a person killed by a truck leased by Cooper-Jarrett, Inc., which was insured against liability by Central Mutual Insurance Company, which in turn was reinsured by Excess Insurance Company. Brillhart may not even have been aware of the reinsurance by Excess when he initially sued Cooper-Jarrett, or when he commenced garnishment proceedings against Central to collect on the primary insurance policy. In any event, Brillhart necessarily had to establish his rights against the intermediate parties before proceeding against Excess, and therefore the equities were with Brillhart when he made Excess a party to the garnishment proceedings and moved for dismissal of the federal action.

In contrast, respondent in the present case charged petitioner with infringement and was challenged to sue petitioner directly before respondent began either of its customer suits (R. 4-5), but instead of suing petitioner directly and at once in the exercise of its asserted right against petitioner, respondent proceeded to bring two successive and separate customer suits, neither of which included petitioner as a party or would be expected to have any binding effect on petitioner. It was not until after petitioner had brought its independent and direct declaratory action that respondent undertook to amend petitioner into a pending customer action and then moved for a stay of the declaratory action on the specious ground that respondent was anxious to avoid "duplicate litigation." Respondent's conduct makes it clear that respondent's anxiety for a double trial in Chicago is primarily for the

purpose of shifting the forum and entangling petitioner in a joint defense (*supra*, pp. 4-5); and disproves respondent's contention that it has merely been following "a straightforward and orderly procedure" (Resp. Br., p. 7).

It is also to be noted that this Court did not order any final disposition of the *Brillhart* case but, emphasizing that the granting or denial of Brillhart's motion to dismiss the action was a matter peculiarly within the district court's discretion, sent it back to the district court for further consideration because no discretion had been exercised by the district court and because the court of appeals "instead of remitting the cause for a proper exercise of the District Court's discretion, reversed the judgment with direction that the District Court proceed to a determination on the merits"; 316 U. S., at p. 494. In the present case, the District Judge, in the exercise of his discretion, decided in favor of retaining jurisdiction and noted that respondent could have a prompt trial if it really wanted one (R. 31).

No significance is placed, either in the majority or dissenting opinions in the *Brillhart* case, on the chronological order of filing of the original garnishment action, in which Excess was not a party, and the filing of the declaratory action by Excess. If this case supports the majority opinion below, therefore, it must also be considered to overrule *Triangle Conduit & Cable Co., Inc. v. National Electric Products Corporation*, 125 F. 2d 1008 (C.A. 3, 1942), which differs from the case at bar only in the timing of the infringement action as against the customer relative to the date of filing of the manufacturer's declaratory action. Similar considerations

apply to *Speed Products Co. v. Tinnerman Products*, 171 F. 2d 727 (C.A.D.C., 1948) and *Cresta Blanca Wine Co. v. Eastern Wine Corp.*, 143 F. 2d 1012 (C.A. 2, 1944).

(2) In *Landis v. North American Co.*, 299 U. S. 248, the question was whether two suits between certain parties should be stayed pending the disposition of another suit between a different set of parties. This is not the question in the present case, since petitioner is seeking to restrain respondent from proceeding against petitioner, and only petitioner, in the Chicago action.

III.

Reply to respondent's contentions as to other decisions.

(1) In commenting on *Crosley Corp. v. Hazeltine Corp.*, 122 F. 2d 925 (C.A. 3, 1941), and *Crosley Corporation v. Westinghouse Elec. & Mfg. Co.*, 130 F. 2d 474 (C.A. 3, 1942), (Resp. Br., pp. 15-19), respondent fails to mention that the corresponding declaratory actions and infringement actions involved identically the same parties, and that the comments in the opinions on duplicate litigation referred to the matter of allowing the infringement actions to proceed concurrently with the corresponding declaratory actions, which would have resulted in truly duplicate litigation between the same parties on the same issues. Petitioner is not seeking to try its controversy with respondent in both Delaware and Chicago, and it does not follow from these decisions that allowing petitioner's declaratory action to proceed in Delaware while permitting respondent's infringement action to proceed in Chicago only as

against the Chicago customer, as sought by petitioner, would result in "duplicate litigation," since the parties and controversies are not the same. Judge Maris, who wrote the opinions in the *Crosley* cases, dissented from the interpretation of these cases in the majority opinion below (R. 61 *et seq.*).

(2) In *Triangle Conduit & Cable Co. v. National Electric Products Corp.*, 125 F. 2d 1008 (C.A. 3, 1942), the essential basis of the decision was that the controversy between the declaratory plaintiff and the patentee was separate and distinct from the controversy between the patentee and the customer who was co-defendant with the declaratory plaintiff in an infringement suit filed by the patentee. Since the declaratory action was the first-filed action between the declaratory plaintiff and the patentee it was held that the declaratory action should proceed and that an injunction should issue against prosecution by the patentee of the infringement action as against the manufacturer. In view, however, of the separate, distinct and severable nature of the patentee's action against the customer the patentee was left free to sever his action against the customer and to proceed with it. On the same basis the District Court below granted petitioner's motion for an injunction against respondent proceeding against petitioner in the Chicago action, which was the later-filed action as between petitioner and respondent.

The date of filing of the original action against the Chicago customer should have no bearing on petitioner's right to such injunction, since that action was originally brought only against the customer (R. 11), and the in-

junction sought by petitioner does not interfere with that action as against the customer.

Respondent asserts, in its discussion of the *Triangle* case, that "Additionally, since in the present situation, the Chicago case is the one which alone has all the parties and issues, it clearly is the one in which to proceed in order to prevent duplication of litigation" (Resp. Br., p. 17). This so-called additional consideration was equally present in the *Triangle* case and should have no more effect here than it did there. This is the view of Judge Maris, who wrote the *Triangle* opinion and dissented below (R. 61).

(3) Respondent refers to the portion of the majority opinion below which states that "Neither Crosley nor Westinghouse nor Triangle was intended to lay down a rule of thumb" (R. 60; Resp. Br., p. 18). That is not an adequate answer to the logical inconsistency between the present case and the relevant precedents, particularly the *Triangle*, *Cresta Blanca* and *Speed Products* cases. When holdings differ on facts which cannot be distinguished upon a logical basis confusion is certain to result, since it is impossible for litigants to estimate what the result will be when the same issue arises in their cases. The tangled progress of the present case is a warning example of what happens when considerations of short-range expediency are allowed to govern, and consistent, logical application of established principles is dismissed as mere "rule of thumb".

(4) No discussion of the remaining decisions cited in respondent's brief is believed to be necessary in view of what appears in petitioner's main brief.

Respectfully submitted,

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November, 1951.

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IN THE
Supreme Court of the United States
OCTOBER TERM, 1951

No. 180

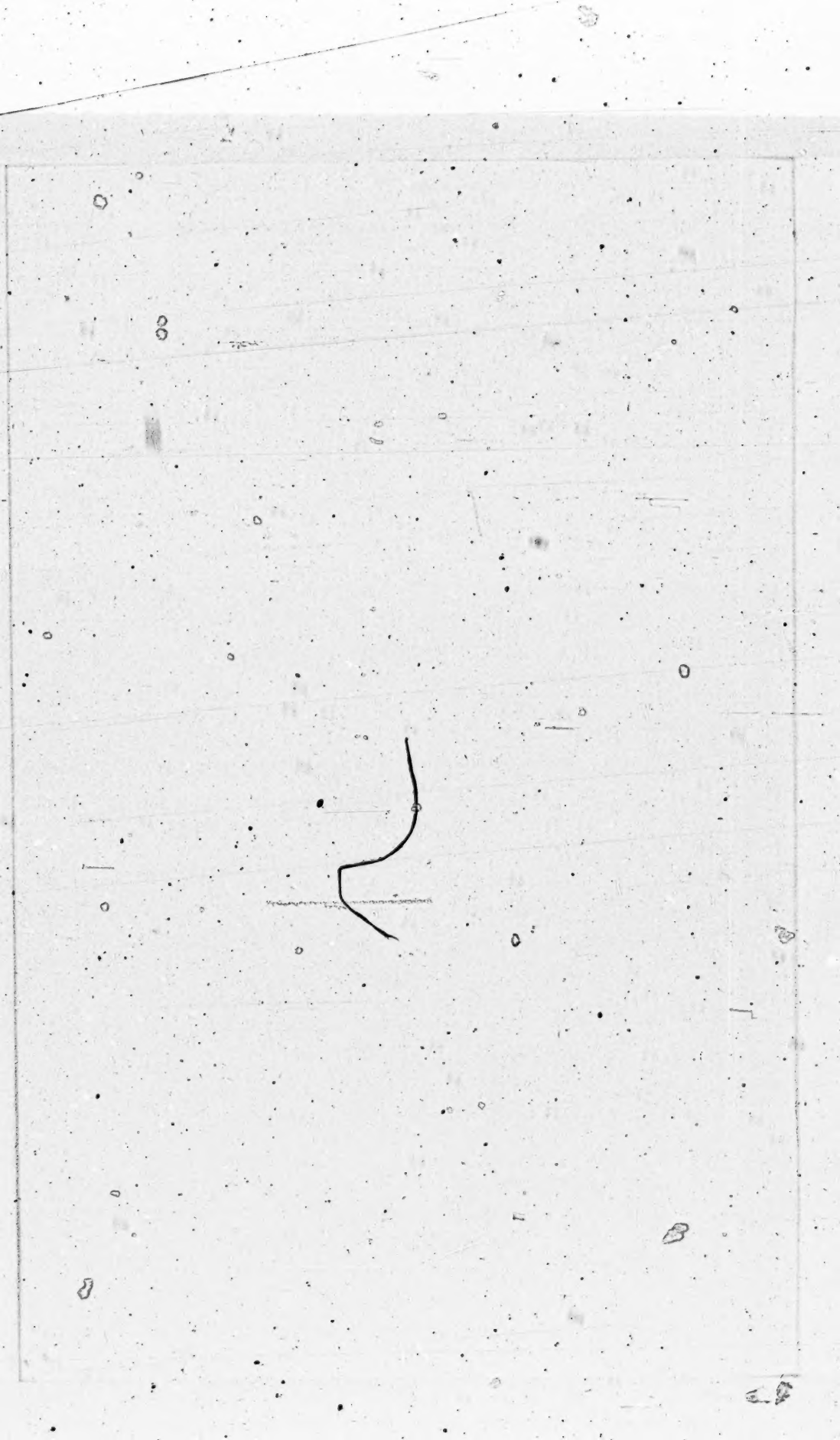
KEROTEST MANUFACTURING COMPANY,
Petitioner,
v.
C-O TWO FIRE EQUIPMENT COMPANY,
Respondent.

BRIEF FOR RESPONDENT IN OPPOSITION TO
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Opinion of the Court of Appeals filed June 16, 1950, 182 F. 2d 773.

Opinion of, the District Court filed August 18, 1950, 92 F. Supp. 943.

Vacated opinion of the Court of Appeals filed February 19, 1951, 88 USPQ 335.

Opinion of the Court of Appeals on rehearing filed May 24, 1951, 89 USPQ 411.

IN THE
Supreme Court of the United States
OCTOBER TERM, 1951

No. 180

KEROTEST MANUFACTURING COMPANY,

Petitioner,

v.

C-O TWO FIRE EQUIPMENT COMPANY,

Respondent.

**BRIEF FOR RESPONDENT IN OPPOSITION TO
PETITION FOR WRIT OF CERTIORARI**

Respondent opposes the petition on the following grounds:

1. The "questions presented" do not actually arise.
2. The matter is a discretionary procedural one not of general interest.
3. There is no conflict of decision.
4. No injury is done petitioner by the ruling below whereas respondent will be injured by delay.

Argument

1. The "Questions Presented" Do Not Actually Arise.

a. In its first question, as well as in its statement of the facts and in its argument, petitioner would create the impression that it had brought the present declaratory judgment action as the only way of protecting itself against injury caused by patent infringement suits brought against its customers rather than against it, and the further impression that the Court of Appeals for the Third Circuit had denied it the right to protect itself. Neither suggestion has any support in the record.

In the first place, the two prior suits brought by respondent were not "customer" suits and were not aimed at petitioner—they were suits against manufacturers who competed with respondent, as petitioner does not do, in manufacturing and selling complete fire extinguishers. These fire extinguishers are made of several parts and it now appears that instead of manufacturing all the parts, these defendants bought some parts—patented parts—from petitioner. But even so, petitioner did not need to bring the present action to protect its interests. In one of the prior actions, now settled, brought by respondent on the same patents against The General Detroit Corporation, the defendant, General Detroit, claimed petitioner was obligated to defend it, but petitioner refused. Petitioner's president (by affidavit herein, R. 23a) states: "Kerotest Manufacturing Company has consistently denied that it is under any obligation to indemnify The General Detroit Corporation for infringement alleged in the said suit, * * *". In the other prior action, now pending, brought by respondent against Acme Equipment Company in Chicago, petitioner also elected not to appear, but brought this action instead. Petitioner's president (in the same affidavit) states: "On the contrary, instead of attempting

to enter into the pending suit against Acme Equipment Company, the Kerotest Manufacturing Company has brought suit in this Court for declaratory judgment." So petitioner had ample opportunity to present its position in both prior cases and had no need to bring the present action.

In the second place, it hardly rings true to say that the Court of Appeals for the Third Circuit, which has always been most assiduous in protecting those who bring patent declaratory actions*, has suddenly abandoned this well-established principle and denied protection to this petitioner. What that Court of Appeals did do was to reaffirm the principle but recognize that, in this particular case, the ends of justice were served by avoiding duplicate litigation by staying the present action, in which not all the parties were present, and proceeding with the earlier action against Acme, in which all parties are now present and which is at issue as to all parties and ready for trial. The Court below held (R. 74):

"Why, under the circumstances, should there be two litigations where one will suffice? We can find no adequate reason. We assume, of course, that there will be prompt action in the Chicago theatre."

The facts are well stated in the opinion of the Court below (R. 69 *et seq.*)—the significant ones petitioner omits, namely, that the Acme case was the first filed case, that it was not a "customer" case as that term has come to be used and is used by petitioner, that it is the only one that has all the parties and all the issues, that petitioner could have entered that case instead of starting the present one

* *Crosley Corp. v. Hazeltine Corp.*, 122 F. 2d 925 (3 Cir. 1941), cert. den. 315 U. S. 813 (1942); *Crosley Corp. v. Westinghouse Elec. & Mfg. Co.*, 130 F. 2d 474 (3 Cir. 1942), cert. den. 317 U. S. 681 (1942); *Triangle Conduit and Cable Co., Inc. v. National Electric Products Corp.*, 125 F. 2d 1008 (3 Cir. 1942), cert. den. 316 U. S. 676 (1942).

but elected not to, that petitioner is now a party therein and has joined issue therein, and that the case is ready for trial.

It is submitted that petitioner's "first question" attempts to make the facts seem otherwise than as they are and does not actually arise.

b. In its second question, petitioner would make it appear that the action against Acme involves an independent controversy; but it appears from petitioner's own complaint herein that petitioner supplied all the infringing valves to Acme (R. 6a), so the issues of validity and infringement are identical in both actions. The extent of recovery is, of course, not an issue.

It is submitted that the second question, which implies the facts are otherwise than as they are, does not actually arise.

c. The third question is purely rhetorical and argumentative and suggests that the Court of Appeals for the Third Circuit is subject to criticism for retaining jurisdiction "as a club over defendant [respondent]". This unwarranted suggestion is based on the fact that the Court of Appeals based its action, in part, on the assumption that a prompt trial of all issues could be had in Chicago and reserved jurisdiction in *petitioner's interest* so that trial could be had in the instant case in the event the Chicago case were to become unreasonably delayed. Apparently, petitioner is not interested in prompt trial—it has already delayed the trial in Chicago by over a year and, instead of proceeding there in accordance with the Court of Appeals' decision, files the present petition resulting in further delay.

The third question, being argumentative and rhetorical, does not arise.

2. The Matter Decided Is a Discretionary Procedural One Not of General Interest.

The decision of the Court of Appeals for the Third Circuit does not lay down any new or different doctrine of controlling general importance. It merely applies existing principles to particular facts. It applies the principle that the first case should proceed—absent special circumstances—by allowing the Chicago Acme case to proceed. It applies the principle that duplication of litigation should be avoided—by staying the instant case in favor of the Chicago case which was not only the first case but which included all the parties, tendered the same issues, and was ready for trial on answers filed by both defendants, including petitioner.

Both doctrines are well established. There would seem to be nothing warranting action by this Court, in their application to these or any other particular facts.

Petitioner would like to see the first of these doctrines made so rigid and inflexible that it could be made the instrument of injustice rather than justice. It would have the doctrine of "first filed, first tried" so inflexible that it would force the instant case to trial merely because, as to petitioner, the present case was brought before petitioner was joined as a defendant in, and filed its answer joining issue in, the earlier filed Chicago case involving the same controversy, namely, validity of the same patent and infringement by the same device.

No new doctrine has been laid down warranting the grant of a writ of certiorari by this Court.

3. There Is No Conflict of Decision.

The procedure adopted by the Court of Appeals for the Third Circuit herein does not conflict with decisions in other courts. The principle of trying the first filed case first was an application of the principle of avoiding dupli-

cate litigation. The Court of Appeals for the Third Circuit which was the first to apply the principle to declaratory judgment patent cases in *Crosley Corp. v. Hazeltine Corp.*, *supra*, cited the decision of this Court in *Smith v. McIver*, 9 Wheat. 532 (U. S. 1824) and held, page 930:

"It is of obvious importance to all the litigants to have a single determination of their controversy, rather than several decisions which if they conflict may require separate appeals to different circuit courts of appeals. No party has a vested right to have his cause tried by one judge rather than by another of equal jurisdiction. * * * The economic waste involved in duplicating litigation is obvious. Equally important is its adverse effect upon the prompt and efficient administration of justice. In view of the constant increase in judicial business in the federal courts and the continual necessity of adding to the number of judges, at the expense of the taxpayers, public policy requires us to seek actively to avoid the waste of judicial time and energy. Courts already heavily burdened with litigation with which they must of necessity deal should therefore not be called upon to duplicate each other's work in cases involving the same issues and the same parties."

That a litigant has no vested right to have his case tried by one court rather than another has since been expressed in Sections 1404 and 1406 of the Judicial Code, 28 U. S. C. §§ 1404 and 1406, providing for transfer from one district court to another. The decision in the present case is in accord in principle though no transfer was ordered—none was needed since the parties and the issues were already in the Chicago case.

The Court of Appeals for the Second Circuit is in accord on closely analogous facts. In *Hammett v. Warner Bros. Pictures, Inc.*, 176 F. 2d 145 (2 Cir. 1949)—a copyright case cited by the Court of Appeals for the Third

Circuit in deciding the instant case—Hammett argued, as petitioner does here, that he was entitled to priority because he initiated his action in New York before he was made a party in a California case. The Court disposed of this, stating (p. 151):

“It is argued, however, that the fact that Hammett was not made a party to the California action before commencing this action requires a contrary result as a matter of law because of the rule of priority of filing dates. The answer to this contention, in accordance with the principle of equitable application of that rule indicated above, by the Court of Appeals of the First Circuit seems to us to be conclusive of this claim. That court in a similar situation has held that, even when a party before it could not have become a party to a prior pending action, the fact that he might have participated in its defense with the defendants having a common interest was enough. *Western Electric Co. v. Hammond*, supra, 135 F. 2d at page 287. We do not have to go so far since Hammett is in fact now a party and has appeared in the California action. Nor is this holding in conflict with *Associated Indemnity Corp. v. Garrow Co.*, supra, since that was a case where in the absence of the missing party the issue could not have been raised at all.”

• It is to be noted that the Second Circuit cited the First Circuit as being in accord.

Petitioner cites the Second Circuit decision in *Cresta Blanca Wine Co. v. Eastern Wine Corp.*, 143 F. 2d 1012 (2 Cir. 1944) as being in conflict. But the Court of Appeals for the Second Circuit did not regard it as conflicting—it cited it in its opinion in the Hammett case as being in accord (p. 150):

“A general rule for determining priorities as between pending actions on the basis of dates of filing has been stated in some of the cases, but is [sic] has

been recognized that this rule is not to be applied in a mechanical way regardless of other considerations. *Brillhart v. Excess Ins. Co.*, supra, 316 U. S. 491, 62 S. Ct. 1173, 86 L. Ed. 1620; *Chicago Furniture Forwarding Co. v. Bowles*, 7 Cir., 161 F. 2d 411; *Western Electric Co. v. Hammond*, 1 Cir., 135 F. 2d 283. See *Crosley Corp. v. Westinghouse Elec. Mfg. Co.*, 3 Cir., 130 F. 2d 474, 475; *Cresta Blanca Wine Co. v. Eastern Wine Corp.*, 2 Cir., 143 F. 2d 1012, 1014."

The *Cresta Blanca* case involved several causes of action and, insofar as here relied on by petitioner as conflicting, seems to us to have turned on the fact that the application for a stay of a companion case was being made by one who was not a party but who was asking for intervention in order to secure the stay. Insofar as the Court indicated any tendency to make the rule of priority inflexible, it clarified the matter in its later decision in the *Hammett* case, above quoted.

In the case of *Speed Products Co. v. Tinnerman Products*, 171 F. 2d 727 (App. D. C. 1948) relied on by petitioner as presenting conflict, there was a complex fact situation and a long record of motions and counter-motions. The result of the decision in that case is completely in accord with the present case, namely, the elimination of duplicate litigation. The District of Columbia Court of Appeals held that the New York case should proceed. The New York case had all the issues and could finally adjudicate them as to all parties and the Court was careful to point out that (due to peculiarities of actions under 35 U. S. C. § 63 (R. S. § 4915), which both cases were) the Commissioner of Patents was not a necessary party to the New York action even though he was a party to the District of Columbia action. The Court declined to advance the District of Columbia case for trial before the New York case but permitted the New York case, in which trial was imminent, to proceed.

Inspection of the District Court records reveals that the District of Columbia case was actually stayed and that the trial of the New York case determined the matter. The only difference between that case and the present is that there the Court chose to allow the second of two cases (the New York case, which was first as to one of the parties and was ready for trial) to proceed rather than the first case, but could do so because either case would in any event resolve the whole controversy which is not true here. Here the Court chose the case which would resolve the whole controversy and it was the first case though not the first as to one of the parties.

Nor is there conflict with *Memphis City v. Dean*, 8 Wall. 64 (U. S. 1869) which petitioner brings up for the purpose of this petition but did not cite to the Court below either on original argument or rehearing. In that case, as here, the decision was that duplicate litigation should be avoided. In that case, one action was in the State Court and the other in the Federal Court. In the State case, which was first, the Memphis Gaslight Company sued a newly organized company to enjoin it on the theory it was invading plaintiff's exclusive franchise. In the Federal case, the Memphis Gaslight Company (by its controlling stockholder) sued the same company and the city, asserting the same cause of action plus a related contract action against the city. This Court held that the cause of action, which had been decided in the first case (though not finally) should not be duplicated in the second case.

4. No Injury Is Done to Petitioner by Proceeding Under the Circuit Court of Appeals Decision.

Petitioner is a party defendant in the Chicago case, it has filed its answer joining issue therein, the only infringing devices, as it turns out, are supplied by petitioner, so that not only are the issues the same but there are no extraneous issues, and the case is ready for prompt trial. So petitioner cannot be injured by proceeding with that case.

But if this petition is granted there will necessarily be delay which will injure respondent—and, at most, if petitioner were to succeed in its contention, the result would be two trials of the same issue, one in the instant case and one in the Chicago case.

There has already been a delay of over a year. The Chicago case was filed January 17, 1950. It was set for trial July 8, 1950, but as a result of delay occasioned by petitioner's motion for stay, was reset, at the time petitioner filed its answer therein, to September 28, 1950. Thereafter, again because of the instant stay proceedings, it was reset to December 8, 1950 and, again for the same reason, reset to February 2, 1951, extended to April 6, 1951, May 21, 1951, and, finally because of an application to stay the mandate to permit filing the present petition reset to September 24, 1951, subject to change.

Petitioner, plainly, is more interested in delay than prompt trial.

CONCLUSION

It is submitted that the Petition should be denied.

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August 9, 1951.

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No. 180

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Petitioner,

v.

C-O-TWO FIRE EQUIPMENT COMPANY,

Respondent.

BRIEF FOR RESPONDENT

ON WRIT OF CERTIORARI TO THE UNITED STATES
COURT OF APPEALS FOR THE THIRD CIRCUIT

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The first order, findings of fact and conclusions of law of the District Court filed April 21, 1950 (R. 17) are reported in 85 USPQ 185. No opinion was filed.

The first opinion of the Court of Appeals filed June 16, 1950 (R. 36) is reported in 182 F. 2d 773.

The second opinion of the District Court filed August 18, 1950 (R. 25) is reported in 92 F. Supp. 943. The corresponding order (R. 35), findings of fact and conclusions of law (R. 32) are unreported.

The second opinion of the Court of Appeals filed February 19, 1951 (R. 39) is reported in 88 USPQ 335.

The majority and dissenting opinions of the Court of Appeals sitting *en banc* on rehearing filed May 24, 1951 (R. 55) are reported in 189 F. 2d 31.*

IN THE
Supreme Court of the United States

OCTOBER TERM 1951

No. 180

KEROJET MANUFACTURING COMPANY,

Petitioner,

v.

C-O-TWO FIRE EQUIPMENT COMPANY,

Respondent.

ON WRIT OF CERTIORARI TO THE UNITED STATES
COURT OF APPEALS FOR THE THIRD CIRCUIT

BRIEF FOR RESPONDENT

The Issue Before the Court

This case comes here on writ of certiorari to review the decision of the Third Circuit Court of Appeals, sitting *en banc*, rendered May 24, 1951, reported in 189 F. 2d 31 and printed at pages 55 *et seq.* of the Record.

The Court of Appeals upheld respondent's contention that the present declaratory judgment action should be stayed pending determination of an earlier filed infringement action in the United States District Court for the Northern District of Illinois Eastern Division involving the same issues and the same parties as well as a third

party, Acme Equipment Co., Inc. It reversed the District Court which, instead of staying the present case, had enjoined respondent from proceeding with the earlier Chicago case insofar as it involves petitioner.

The Court of Appeals, in so doing, overruled as unsound petitioner's narrow contention, adopted by the court below, that the mere fact that petitioner was not added as a party in the Chicago infringement case until after it had filed the instant declaratory judgment case gave petitioner an absolute right to priority under an assumed inflexible rule laid down in earlier decisions, namely, *Crosley Corporation v. Hazeltine Corporation*, 122 F. 2d 925 (3 Cir. 1941), *Crosley Corp. v. Westinghouse Electric & Mfg. Co.*, 130 F. 2d 474 (3 Cir. 1942), and *Triangle Conduit & Cable Co., Inc. v. National Electric Products Corporation*, 125 F. 2d 1008 (3 Cir. 1942).

The Court based its holding on the sound view that the relief sought by respondent herein could be "more expeditiously and effectively afforded" in the earlier filed infringement suit than in the later filed declaratory judgment action, and, further based its holding on the sound view that the cited rule of priority was not a mere rule of thumb to be mechanically applied and that under present circumstances such a view would cause unnecessary duplicate litigation. The Court held (R. 59, 60):

"The Chicago suit appears to have been brought in good faith and every patent involved in the Delaware litigation was before the Chicago court. Kerotest could have entered the Chicago litigation had it seen fit to do so.

. . .

"The Chicago suit when adjudicated will bind all the parties in both cases. Why, under the circumstances, should there be two litigations where one will suffice? We can find no adequate reason..

. . .

"The order of the court below will be reversed and the cause remanded with the direction to enter an order staying further proceedings in this action until ten days after the final determination of the Chicago suit."

The False Issue Injected by Petitioner

Petitioner, in its petition for writ of certiorari, asserted that the case presents not only a question with respect to this ruling as to priority and duplication of litigation but also a question as to a manufacturer's right to protection against the harassment of suits directed against its customers. This asserted issue is heavily stressed in petitioner's brief. *But there is no such question in the case and neither the majority nor the dissenting opinions allude to any such question.* However, because this fictitious issue is so heavily stressed in petitioner's brief and colors petitioner's whole presentation, we shall dispose of it before discussing the actual question in the case.

Summary of Argument

The issue before the Court is the simple question whether it is in the interests of justice to proceed with the infringement case which is the earlier case and has all the parties and issues and alone can bind all the parties or whether there shall be duplicate litigation by proceeding with both the infringement case and the declaratory judgment case.

1. There is no question of harassment of a manufacturer by multiple suits against his customers. There have been only two suits, both against actual competitors of respondent in the manufacture and sale of fire extinguishing equipment. This is an orderly statutory procedure to adjudicate and finally determine the alleged infringement. There is no evidence of bad faith or harassment. Neither defendant is a customer of petitioner except in the limited

sense that they buy some of their parts from petitioner instead of making them. It is a common practice today for manufacturers to buy their parts or to make them. Petitioner has refused to defend either manufacturer. If the petitioner were really in need of protection it could have initiated a declaratory judgment action against respondent at any time in the past or it could have defended the alleged "customer" suits. Instead of defending its alleged "customers", petitioner initiated the present action, apparently for delay and obstruction. The so called "harassment by customer suits" is a mere fiction created by petitioner to form some sort of justification for its tactics in filing the present declaratory judgment action case instead of defending the prior infringement action.

2. On the issue actually before the Court namely, priority and duplication of litigation, the authorities clearly establish that there is no rigid rule but that, if possible, the first case should be given priority and that duplication of litigation should be avoided by proceeding with the case which has all the parties and all the issues and which can be *res judicata* as to all the parties. The decision in the present case falls within the rule of these authorities; duplication of litigation has been avoided by proceeding with the first case which also is the one having all the parties and all the issues and which, alone, can dispose of the controversy. Petitioner's contention that the instant case should proceed on the theory that it was first because it was filed before petitioner was made a party to the other case, is contrary to authority and is a narrow formalistic contention which would result in injustice and duplication of litigation. The alleged conflict of authority between the circuits on this point does not exist.

3. Petitioner's contention that Rule 57 of the Rules of Civil Procedure requires the instant case to proceed is not well founded. The rule merely provides that a declaratory form of action is not precluded by another adequate remedy.

There is nothing in the rule with respect to duplication of litigation.

4. Petitioner's argument with respect to the doctrine of *forum non conveniens* is irrelevant. The transfer statute § 1404(a) (28 USC) now controls and this case might be transferred thereunder on the court's own motion but there is no need to transfer since the issues and parties are already in the Chicago court.

ARGUMENT

I. There Is No Question of Harassment of a Manufacturer By Suing His Customers

The litigation here involved began with the filing of an action by respondent, C-O-Two Fire Equipment Company,* against Acme Equipment Company, Inc. in Chicago, charging infringement of two patents by the manufacture and sale of fire extinguisher equipment embodying the patented inventions. Acme is a competitor of respondent in the manufacture and sale of fire extinguisher equipment.

Petitioner claims that, although Acme was sued for manufacture and sale of the patented items embodied by Acme in its fire extinguisher equipment, these particular parts were not actually made by Acme but were purchased from Kerotest as a parts supplier to Acme. Few if any manufacturers today make all components entering into their product. It is a commonplace procedure for manufacturers either to buy all their parts or to buy a portion

* For clarity the parties herein will, at times, be referred to herein as Kerotest and C-O-Two as well as petitioner and respondent, since they were thus identified in the opinions below. Acme Equipment Company in Chicago will for the same reason be referred to as Acme.

and to make the remainder. It is also commonplace to buy the same part from several sources.

Acme's purchase of parts from petitioner for incorporation in Acme's fire extinguishers, in a sense, makes Acme a customer of petitioner but it does not in any way justify petitioner in asserting that Acme is a *mere* customer, or that Acme is the kind of customer who is a mere jobber or dealer forming part of a manufacturer's distribution system, or that suit against Acme is unjustified or is an harassment of petitioner, or that it would be more appropriate for respondent to litigate the question of validity and infringement against petitioner, than to sue Acme who is the respondent's actual competitor.

On the contrary, a suit against petitioner would not be anywhere near as effective in ending the infringement and ending the litigation as a suit against Acme. The reason becomes plain when it is considered that, if a suit were to be filed against petitioner as the supplier to Acme and petitioner should win it would give Acme protection only to the extent he bought his parts from petitioner (*Kessler v. Eldred*, 206 U. S. 285) and if respondent were to win, it would merely cut off one source of supply to Acme and Acme would be perfectly free to proceed to set up another source of supply or to fabricate the items itself. On petitioner's theory, respondent should then proceed against the new source of supply. But it would seem plain that any such course would result in unnecessary litigation and, if respondent proceeded against Acme's sources of supply instead of against Acme the real party in interest, such conduct might be regarded by Acme as unfair and harassing.

Plainly, respondent, by suing Acme its competitor, has followed an orderly and sensible course in enforcing its rights; equally plainly, the so-called "customer harassment" aspect of the case, although stressed by petitioner before this Court, is not present in the case. Indeed, as

noted by the Court below,* petitioner concedes the propriety of proceeding against Acme and attempts merely to enjoin that action only insofar as it involves petitioner.

However, in view of the stress that petitioner has put on the matter of "customer harassment" and the extreme statements which petitioner makes as to the alleged dire consequences in encouraging "customer harassment" which petitioner asserts will follow upon the decision in the present case, we think we should comment briefly on additional aspects of petitioner's contention.

One of these is petitioner's groundless suggestion that the failure originally to join petitioner as a defendant in the Acme case evidences an intention to harass petitioner. The fact is it indicates that respondent regarded its cause of action as one against Acme. The action against Acme was quite independent of where or how Acme made or procured the patented items which it incorporated in the fire extinguishers which it made and sold. The complaint alleges that Acme infringed "by making and causing to be made and selling and using squeeze grip valves and discharge heads for portable carbon dioxide fire extinguishers embodying the aforesaid patented inventions * * *". After petitioner's contentions in the present action made it appear that the patented items incorporated by Acme in its fire extinguishers were supplied by petitioner and that petitioner desired to litigate the question, petitioner was joined in the Chicago case so that the matter could all be litigated in one action. This was plainly a straightforward and orderly procedure.

Another of these contentions is the criticism of respondent based on the allegations of the complaint that respond-

* Opinion (R. 57): "It appeared from the arguments on that appeal that Kerotest had abandoned its effort to have the Chicago suit stayed in its entirety and limited its position to asking that that action be restrained only insofar as it involved Kerotest."

ent had notified petitioner of infringement, that petitioner had denied validity and infringement and invited respondent to sue, and, that respondent did not sue. There has been no answer filed in the present case and, therefore, these allegations may be taken as true for present purposes. But, we see in them no reason to impute bad faith to respondent. As we have said, respondent followed an orderly procedure and asserted its rights promptly and plainly in good faith by suing its actual competitor. The Second Circuit Court of Appeals in *Clair v. Kastar, Inc.*, 148 F. 2d 644 (1945), pointed out that there is no obligation on a patentee to sue everyone and, if he has proceeded to litigate his patent in an orderly fashion, there is no reason to complain. The Court said (p. 646):

"While a patentee is getting his patent sustained he is not bound to assert his claims to their fullest scope by suing every conceivable infringer. There is today some reciprocity of duty in this regard; if a manufacturer fears that he will be charged to infringe, he can always inquire of the patentee, and if the answer is unsatisfactory, he can bring an action for a declaratory judgment."

Taking petitioner's allegations at full value, it is plain that at all times it had the power under the Declaratory Judgment Statute to initiate the litigation. We think the insincerity of its present contention is plainly indicated by its failure to initiate such litigation while at the same time complaining against respondent.

Also, we think we should note that, *even if the Acme case had been a mere customer case, it would have been a proper case under the very authorities on which petitioner relies* and under many authorities both before and since. There is no doubt that the statute gives the patent owner the right to sue the one who sells and the one who uses, as well as the one who makes. 35 U. S. C. §§ 40 and 70. This statutory right of the patentee has been con-

sistently recognized and enforced for many years in decisions of this Court and the lower courts.* This right to sue one who happened to be a customer was the very basis of the *Triangle* case on which petitioner puts its greatest reliance. In that case, the Court of Appeals of the Third Circuit reversed the District Judge for enjoining a customer suit, it appearing there that there was no evidence of bad faith in bringing the suit. The courts have always been quick to enjoin customer suits when there was bad faith or harassment and have consistently refused to enjoin them where they were brought in good faith**—the decision in the present case does not involve the point and will not affect the course of those decisions.

If petitioner thought that it, or its “customer” needed protection, it could have defended its “customer,” a quite common procedure; or it could have intervened, another common procedure. However, petitioner made no attempt to follow either course but, according to the affidavit of its president, Mr. Roush (R. 16-17):

“On the contrary, instead of attempting to enter into the pending suit against Acme Equipment Company, the Kerotest Manufacturing Company has brought suit in this Court for declaratory judgment.”

A few months earlier, if it really thought it, or its “customers” needed protection, it could have come into the *General Detroit* case.

The refusal of petitioner to come into the *General Detroit* case (R. 10 and R. 17) completely establishes the hollowness of petitioner’s talk of “customer harassment”. The

* *Birdsell v. Shaltol*, 112 U. S. 485.

** See, for example: *Idc v. Boll Engine Co.*, 31 Fed. 901 (1887); *Wagner v. Meccano, Ltd.*, 239 Fed. 901 (1917). *Cold Metal Process Co. v. United Engineering & Foundry Co.*, 190 F. 2d 217 (3 Cir. 1951).

Court of Appeals in its opinion disposed of this prior action by merely identifying it and stating (R. 55):

"We will make no further reference to it since it is irrelevant to the issues presented by the instant appeal."

It is true that it was irrelevant to the real issues but petitioner's conduct with respect thereto is important in refuting its contention of harassment now so strenuously reiterated.

The *General Detroit* case was the first and only other action ever brought by respondent on these patents. It was filed some four months earlier than the *Acme* case. There, as in the *Acme* case, the defendant, The General Detroit Corporation, was a competitor of respondent in the manufacture and sale of fire extinguisher equipment. In that case, General Detroit asked petitioner to defend it, claiming an obligation on petitioner's part to do so, (R. 10) but petitioner refused; in fact, Mr. Roush, petitioner's president, in his affidavit in the present case, stated (R. 17):

"Kerotest Manufacturing Company has consistently denied that it is under any obligation to indemnify The General Detroit Corporation for infringement alleged in the said suit * * *".

Yet, we find petitioner now bolstering up its contentions in the present case by the ridiculous allegation that this case was an attack on it which it could not meet because it was directed against its "customer".

It seems to us clear that the real reason for petitioner's bringing the present action was that petitioner wanted to shift the forum—it must be remembered that the Chicago action had been set for prompt trial—July 8, 1950 (Opinion, R. 56 and R. 57).

This fact did not escape the Court of Appeals which held (R. 59-60):

"The Chicago suit appears to have been brought in good faith and every patent involved in the Delaware litigation was before the Chicago court. Kerotest could have entered the Chicago litigation had it seen fit to do so. Indeed C-O-Two subsequently compelled its entry. Kerotest, while displaying an apparent reluctance to enter the Illinois arena, did not harbor such an attitude toward the Delaware forum."

The alleged "customer harassment" stressed both in the petition for writ of certiorari and in petitioner's brief simply does not exist.

II. The Court of Appeals Correctly Decided that the Present Case Should Be Stayed Until After Determination of the Earlier Filed Case

The issue before the Court is the simple question whether it is in the interests of justice to proceed with the infringement case which is the earlier case and has all the parties and issues and alone can bind all the parties or whether there shall be duplicate litigation by proceeding with both the infringement case and the declaratory judgment case.

The Holding Below

The facts on which the Court below based its decision are succinctly set forth in the opinion (R. 55 *et seq.**).

The Court of Appeals reviews the course of the litigation from the beginning when respondent, C-O-Two Fire Equipment Company sued Acme Equipment Co., Inc. in Chicago. It refers to the fact that the motion to stay the present case and the cross motion to enjoin the Chicago

* We agree with petitioner that two of the names have been transposed in the opinion as printed in the Record. On page 56, line 21, "C-O-Two" should be read in place of "Kerotest" and on page 59, line 14, "Kerotest" should be read in place of "C-O-Two".

case first came on for hearing before Judge Leahy in this case while two motions were pending undetermined in the Chicago case, namely, a motion to stay the Chicago case and a motion to set aside service on petitioner in the Chicago case; and that Judge Leahy based his decision on the controlling authority of the *Triangle* and *Crosley* cases (*supra*). Judge Leahy's ruling appears at R. 17-19 incl. The Court of Appeals correctly summarizes it as follows (R. 56):

"Judge Leahy held that the court below could not enjoin C-O-Two from seeking a final adjudication against Acme in the Chicago suit and, further, that it would be an abuse of discretion to do so. He stated that inasmuch as the Chicago suit was scheduled for an early trial it would be more economical 'of judicial time' for Kerotest to contest the issues in Illinois as a co-defendant rather than consume the time of the United States District Court in Delaware in 'duplicate litigation.' Judge Leahy also pointed out that there was no vested right in a litigant to have a case tried by one judge rather than by another. He stayed the proceedings for ninety days providing that both parties might renew their motions thereafter, it being his intention to see how the Chicago litigation proceeded within that period for though answers had not been filed a date for trial of the Chicago suit had already been set."

The Court then refers to the fact that, on appeal by petitioner, it had approved this action by Judge Leahy and that petitioner, on that appeal, " * * * abandoned its effort to have the Chicago suit stayed in its entirety and limited its position to asking that that action be restrained only insofar as it involved Kerotest" (R. 57).

The Court further refers to the fact that thereafter on a renewed motion for stay and a renewed motion for injunction, Judge Rodney had held contrary to Judge Leahy

although, in the meantime, the status of the Chicago litigation had been clarified by denial of Acme's motion therein for a stay, by denial of petitioner's motion therein to quash service, by the filing of answers therein both by Acme and by petitioner and by the setting of a trial date for September 28, 1950 by agreement of counsel. Judge Rodney's ruling appears at R. 25-32 incl. The Court of Appeals correctly summarized it as follows (R. 57-58):

"The court below based its decision on *Crosley Corporation v. Hazeltine Corporation*, 122 F. 2d 925, 930, *Crosley Corp. v. Westinghouse Electric & Mfg. Co.*, 130 F. 2d 474, 475, and *Triangle Conduit & Cable Co., Inc. v. National Electric Products Corporation*, 125 F. 2d 1008, 1009, all decided by this court. Judge Rodney concluded properly that the same subject matter was before the Illinois court and the Delaware court but went on to hold in effect that because on March 9, 1950, when the suit at bar was filed, Kerotest had not been made a party in the Chicago suit, the rule of the *Hazeltine*, *Westinghouse* and *Electric Products* cases required a stay of the proceedings in Illinois while the Delaware litigation was prosecuted."

The Court then held:

"We cannot agree with the conclusions reached."

It seems to us that aside from the history of the litigation as thus reviewed, the essential facts before the Court of Appeals and before this Court are: that the patents charged to be infringed are the same in the two cases; that the devices alleged to infringe are the same in the two cases; that the petitioner was joined as an actual party by amendment in the Chicago case; that it, as well as Acme, has filed answer therein; that the Chicago case has been set for trial; that all issues which have been or could have been raised in the present case have been or could be raised in the Chicago case; and, the Chicago case

was filed first and must proceed as to Acme in any event, as is conceded by petitioner.

On these facts, petitioner has made, and makes, the refined and narrow argument that, since it was not made a party to the Chicago case until after it had filed the present action, the present action, though actually the second action, was the first action between it and respondent and that the rule laid down by the Third Circuit Court of Appeals in the *Crosley-Hazeltine*, *Crosley-Westinghouse* and *Triangle* cases, particularly the *Triangle* case, should be so strictly and mechanically construed as to give an absolute right of priority to the present case and that the instant case should be given this priority even though it result in duplicate litigation.

This narrow construction of the rule was rejected by Judge Leahy who held (R. 19):

"4. Inasmuch as the Chicago suit is scheduled for early trial, it would be more economical of judicial time for Kerotest to contest the issues therein as a co-defendant, rather than to take the time of this Court in duplicate litigation. Kerotest does not have a vested right to have its cause tried by one judge rather than by another of equal jurisdiction. *Crosley Corp. v. Hazeltine Corp.*, 122 F. 2d 925, 930 (3 Cir., 1941)."

However, this strict view was adopted by Judge Rodney who felt he was constrained by the authorities to so hold, saying (R. 32):

"The authorities require a granting of the motion of Kerotest and a denial of the motion of C-O-Two; an appropriate order may be submitted."

The Court of Appeals, however, held (R. 58):

"We do not think that the rule of the cited decisions requires the order made by the court below."

That the Court of Appeals is correct in so holding we think plainly appears from a careful consideration of the cases and the fundamental principles on which they are based.

The Decision Is In Accord With the Authorities

In the leading case of *Crosley Corp. v. Hazeltine Corp.*, 122 F. 2d 925 (1941), the Third Circuit Court of Appeals cited the decision of this Court in *Smith v. McIver*, 9 Wheat. 532, 535, as laying down (p. 929):

“* * * a salutary rule that ‘In all cases of concurrent jurisdiction, the court which first has possession of the subject must decide it.’”

The Court of Appeals then commented on the economic and judicial waste involved in duplicating litigation saying:

“The economic waste involved in duplicating litigation is obvious. Equally important is its adverse effect upon the prompt and efficient administration of justice.”

The Court enlarged upon the reasons for this, stating (p. 930):

“It is of obvious importance to all the litigants to have a single determination of their controversy, rather than several decisions which if they conflict may require separate appeals to different circuit courts of appeals. No party has a vested right to have his cause tried by one judge rather than by another of equal jurisdiction.”

The Court also commented on the importance of this principle to the judicial business in the Federal Courts,

saying (p. 930):

"In view of the constant increase in judicial business in the federal courts and the continual necessity of adding to the number of judges, at the expense of the taxpayers, public policy requires us to seek actively to avoid the waste of judicial time and energy. Courts already heavily burdened with litigation with which they must of necessity deal should therefore not be called upon to duplicate each other's work in cases involving the same issues and the same parties."

The view was there urged by defendant Hazeltine that the second action filed should be allowed to proceed because it was the usual statutory form of patent infringement action and should not be held up by a declaratory action. The Court held that the principle of preventing duplicate litigation was paramount and restrained the parties from proceeding with the second action.

In the present case, the holding by the Court of Appeals that the earlier Chicago case should proceed and the present action be stayed is a sound application of this same principle of avoiding unnecessary duplicate litigation by proceeding with the first filed case if possible—the Chicago case is not only the first filed case, but it is also the only case which has all the issues and all the parties and is the only case which can result in a judgment disposing of the matter as to all parties.

In *Triangle Conduit & Cable Co., Inc. v. National Electric Products Corporation*, 125 F. 2d 1008 (1942), the Third Circuit Court of Appeals applied this principle to a case in which the patent owner, who had been brought into court by means of an action for declaratory judgment, attempted to transfer the adjudication of the controversy to another court by starting a subsequent action against the declaratory judgment plaintiff and one of its customers and by then urging that this difference in par-

ties prevented the first case from having priority. The Court of Appeals recognized the independent right of action against the customer but refused to permit the patent owner to thus oust the priority of the first filed case. It said (p. 1009):

“But the prosecution of National’s independent cause of action against Sears, Roebuck & Company may not be made the basis for transferring the adjudication of the controversy between Triangle and National from the district court in Delaware which first assumed jurisdiction of it to the district court in Michigan to which National subsequently sought to take it.”

The holding, in the present case, that the Chicago case, being the first filed case, should proceed is plainly in accord with this decision which also gave priority to the first filed case. Additionally, since in the present situation, the Chicago case is the one which alone has all the parties and issues, it clearly is the one in which to proceed in order to prevent duplication of litigation.

In *Crosley Corporation v. Westinghouse Electric & Mfg. Co.*, 130 F. 2d 474 (1942), the Third Circuit Court of Appeals, applied this principle to a declaratory judgment action even though the second case, the infringement action, was begun only one day after the declaratory judgment action. In so doing, however, it made it clear that the so-called rule of priority was not one of rigid inflexibility.

The Court there stated (p. 475):

“In the cases cited we held that the district court first obtaining jurisdiction of the parties and issues in a patent cause on a complaint seeking declaratory relief should *ordinarily* proceed to adjudicate the controversy and should restrain the parties from

seeking in the interim in a later suit in another district court to duplicate that adjudication." (Emphasis ours.)

and pointed out (p. 475) that the declaratory action need not be given priority, even though first,

"if it appears that the same parties and issues are involved in another suit previously begun or that in another suit subsequently begun involving the same parties and issues the questions in controversy between the parties can be better settled and the relief sought by them more expeditiously and effectively afforded than in the declaratory proceeding."

In applying the *Crosley v. Hazeltine, Triangle*, and *Crosley v. Westinghouse* decisions to the present case, the Court of Appeals held that relief could be "more expeditiously afforded in the Chicago proceeding than in the Delaware declaratory judgment suit" (R. 60) and overruled petitioner's contention that it was entitled to priority in the instant case merely because the case was filed before petitioner became a defendant in the Chicago case. It held that the rule of the cited cases did not require any such result and that the District Court was in error in so holding. The Court of Appeals pointed out that the rule of these cases was not a mere rule of thumb to be applied mechanically but was a rule devised in the interests of justice. As the Court of Appeals stated (R. 60):

"Neither *Crosley* nor *Westinghouse* nor *Triangle* was intended to lay down a rule of thumb. The rule as we conceived it was designed as an aid to the parties and to effect the ends of justice. As was said in *Hammett v. Warner Brothers Pictures*, 2 Cir., 176 F. 2d 145, 150, it 'has been recognized that this rule is not to be applied mechanically regardless of other considerations.' As we pointed out in the *Westinghouse* case the real question is not whether 'another suit' has

been 'previously' or 'subsequently' begun between the parties but whether the relief sought can be 'more expeditiously and effectively afforded [in the other suit] than in the declaratory proceeding.' We adhere to that view. We think that relief can be more expeditiously afforded in the Chicago proceeding than in the Delaware declaratory judgment suit."

This holding is plainly correct. Only in the Chicago case can there be a single judgment disposing of the case as to all. Only there can duplicate litigation be avoided. Further, only in the Chicago case has issue been joined and only the Chicago case is ready for trial. There can be no burden on petitioner by proceeding there, since it has for years maintained a place of business in Chicago and, as to its main office in Pittsburgh, Chicago is just as convenient as Wilmington. It plainly is in the interest of justice to avoid burdening the courts with two trials where one would do, and in the interest of justice to avoid the inconvenience to witnesses of testifying twice and the expense to the parties of trying the same issues twice.

The Holding of the Court of Appeals Is In Accord With the Views of This Court In *Brillhart v. Excess Ins. Co.*, 316 U. S. 491

Although the *Brillhart* case was one involving a state court action and a federal action, it was one in which the plaintiff in a declaratory judgment action was not made a party in the earlier pending court action until after it had filed its declaratory judgment action—just as in the present case. Nonetheless, this Court recognized that there was no mere rule of priority which would prevent a holding that the declaratory action should yield to the other action. This Court recognized (p. 495) that "Ordinarily it would be uneconomical as well as vexatious * * *" to proceed with both cases and held that the District Court might give priority to the state action in which plaintiff had been joined if it

found it to be in the interests of justice. The Court stated (p. 495):

"Where a District Court is presented with a claim such as was made here, it should ascertain whether the questions in controversy between the parties to the federal suit [the declaratory action], and which are not foreclosed under the applicable substantive law, can better be settled in the proceeding pending in the state court."

Even the dissenting opinion (Mr. Chief Justice Stone) made it clear that if it were to appear that the issues of the declaratory judgment action could be adjudicated in the Missouri action to which plaintiff had been added, the Court should give preference to the Missouri action. The dissenting opinion states (p. 500):

"* * * it was plainly its duty to hear and decide all the issues necessary for disposition of the case *unless it was made to appear with reasonable certainty that the issues could be adjudicated in the Missouri courts.*"

(Emphasis ours.)

Of course, in the present case, it is clear that all the issues can be adjudicated in the earlier infringement case; the ruling of the Court of Appeals below that that case should proceed to adjudicate the issues is plainly in accord with the views expressed by this Court in the *Brillhart* case.

Additionally, we note, that the fundamental principles expressed by this Court in *Landis v. North American Co.*, 299 U. S. 248, although applied to a very different fact situation, are in accord.

Also In Accord Are the Decisions In Other Circuits

This holding of the Court below that the Chicago infringement case should proceed and that there is no mechanical rule of priority such as petitioner urges, is in accord with the decisions in other circuits.

The Seventh Circuit Court of Appeals in *Chicago Furniture Forwarding Co. v. Bowles*, 161 F. 2d 411 (1947), stated (p. 413):

"Plaintiff insists that in other cases where the court has declined to take jurisdiction of claims for declaratory relief because of a pending case in which the same relief could be had, the latter had been filed before the declaratory judgment action. We think the respective dates of filing do not necessarily furnish the test."

Moreover, the Second Circuit Court of Appeals in *Hammett v. Warner Brothers Pictures*, 176 F. 2d 145 (1949), citing the decision of this Court in the *Brillhart* case, *supra*, has held, with respect to the very contention made here by petitioner, that a declaratory judgment plaintiff got no necessary priority because he filed his declaratory judgment action before he was made a defendant in an earlier filed case. There the Court, in giving priority to the earlier filed case, actually dismissed the declaratory action and this dismissal was affirmed on appeal although Judge Clark, by dissent, held that the same result should have been reached by staying the New York case or transferring it to California.

That case, a copyright case, is closer to the particular facts of the present case than any other case. There the first action was in California against a broadcaster of Hammett's material, but did not include Hammett as a defendant. The second action was brought by Hammett in New York against the plaintiff who had brought the California action. The California plaintiff thereupon made Hammett a defendant in the California case and Hammett appeared therein (just as the present petitioner was made a party in the Chicago case and appeared therein). Both parties moved for summary judgment in the New York action. The action was dismissed on the ground (p. 148):

"The judgment of the court was based upon the exercise of its discretion to dismiss because the decree

would not 'determine the entire controversy between the parties' and because, 'There can be a complete determination of all the issues to all the parties only in the California action, for it is only in that action that all the issues are raised and all the parties have appeared.' "

Hammett argued there, as petitioner does here, that he was entitled to priority because he initiated his action in New York before he was made a party in the California case. The Court disposed of this, stating (p. 150):

"It is argued, however, that the fact that Hammett was not made a party to the California action before commencing this action requires a contrary result as a matter of law because of the rule of priority of filing dates. The answer to this contention, in accordance with the principle of equitable application of that rule indicated above, by the Court of Appeals of the First Circuit seems to us to be conclusive of this claim. That court in a similar situation has held that, even when a party before it could not have become a party to a prior pending action, the fact that he might have participated in its defense with the defendants having a common interest was enough. *Western Electric Co. v. Hammond*, supra, 135 F. 2d at page 287. We do not have to go so far since Hammett is in fact now a party and has appeared in the California action."

Commenting on the ordinary rule of priority, and citing the decision in the *Crosley v. Westinghouse* case, and its own decision in the *Cresta Blanca* case, among others, the Second Circuit Court of Appeals held (p. 150):

"A general rule for determining priorities as between pending actions on the basis of dates of filing has been stated in some of the cases, but is (*sic*) has been recognized that this rule is not to be applied in a mechanical way regardless of other considerations. *Brillhart v. Excess Ins. Co.*, supra 316 U. S. 491, 62

S. Ct. 1173, 86 L. Ed. 1620; *Chicago Furniture Forwarding Co. v. Bowles*, 7 Cir., 161 F. 2d 411, *Western Electric Co. v. Hammond*, 1 Cir., 135 F. 2d 283. See *Crosley Corp. v. Westinghouse Electric & Mfg. Co.*, 3 Cir., 130 F. 2d 474, 475; *Cresta Blanca Wine Co. v. Eastern Wine Corp.*, 2 Cir., 143 F. 2d 1012, 1014."

The decision of the Court of Appeals in staying the instant declaratory judgment action pending determination of the earlier filed Chicago action is plainly in accord with the authorities.

**The Alleged Conflicting Decisions
Do Not, In Fact, Present Any Conflict**

Petitioner urges that there are three decisions in conflict. It cites the Second Circuit decision in *Cresta Blanca Wine Co. v. Eastern Wine Corp.*, 143 F. 2d 1012 (1944), the Court of Appeals of the District of Columbia decision in *Speed Products Co. v. Tinnerman Products*, 171 F. 2d 727 and the decision of this Court in *Memphis v. Dean*, 8 Wall. 64. However, examination will show that none actually presents conflict.

The *Cresta Blanca* case was not regarded by the Court of Appeals for the Second Circuit itself as conflicting—it cited it in its opinion in the *Hammett* case which, as we have seen, is in accord. The *Cresta Blanca* case involved several causes of action and, insofar as here relied on by petitioner as conflicting, seems to us to have turned on the fact that the application for a stay of a companion case was being made by one who was not a party but who was asking for *intervention* in order to secure the stay. Insofar as the Second Circuit Court might be said to have indicated in that case any tendency to regard the rule of priority as narrow and inflexible, it clarified the matter in its later decision in the *Hammett* case, above quoted. There can be no question that the view of the Second Circuit Court of Appeals is in accord, not in conflict with, the decision in the instant case.

Nor is the case of *Speed Products Co. v. Tinnerman Products*, 171 F. 2d 727 (App. D. C. 1948) relied on by petitioner actually in conflict. In that case there was an unusual and complex fact situation and a long record of motions and countermotions. However, the result of the decision in that case is completely in accord with the present case, namely, the elimination of duplicate litigation. The District of Columbia Court of Appeals held that the New York case (the second case) should proceed, and inspection of the District Court records reveals that the District of Columbia case was stayed. The New York case had all the issues and could finally adjudicate them as to all parties. It is true that the Commissioner of Patents was not a party to the New York case though he was a party to the District of Columbia case but the Court was careful to point out that, due to peculiarities of actions under 35 U. S. C. § 63, which both cases were, the Commissioner of Patents was not a necessary party to the New York action even though he was a party to the District of Columbia action. All the necessary parties were in the New York case and the Court declined to advance the District of Columbia case for trial before the New York case but permitted the New York case, the second case, in which trial was imminent, to proceed. Duplicate litigation was thereby avoided.

There the Court chose to allow the second of two cases to proceed rather than the first case but could do so, because that case would resolve the whole controversy. In the instant case, the Court also chose the case which would resolve the whole controversy—the Chicago case—which also was the first case.

Nor, is there conflict with *Memphis City v. Dean*, 8 Wall. 64 (1868). In that case, as here, the decision was that duplicate litigation should be avoided and, as here, it was held that the earlier of two causes of action was to be given preference. In the earlier of the two cases, Memphis

Gaslight Company sued a newly organized company to enjoin it from invading plaintiff's exclusive franchise. In the later case, the Memphis Gaslight Company (by its controlling stockholder) sued the same company and the City of Memphis, asserting the same cause of action plus a related contract action against the City. This Court held that the cause of action which had been decided in the first case (though not finally) should not be duplicated in the second case.

Although petitioner does not cite *Buck v. Colbath*, 3 Wall. 334 (1865) as in conflict, it does cite it as authority for its proposition that the difference in parties between the Acme case and the instant case automatically gives it priority. Actually, this Court made no such ruling in *Buck v. Colbath*, but, rather, held that when a Federal Court or its marshal has seized property the Court will not allow the property to be taken from it by another court, but that this did not mean that the marshal, who had seized the property, could not be sued in trespass on the theory that he had seized the property of someone other than defendant.

Petitioner also cites a number of cases to the effect that a justiciable controversy must have parties. This, of course, is almost axiomatic but we fail to see its pertinency here. The Court below recognized that both the Acme case and the instant case were properly brought and that both involved parties. The Court's ruling was based on the fact that all of the parties and all of the issues were present in the Acme case but not in the instant case and that hence, the Acme case alone could result in a decree settling the controversy as to all the parties and that therefore it should proceed in order that duplicate litigation should be avoided.

In Summary

In summary, therefore, we may say that it seems clear that the Court of Appeals was correct in holding that the present declaratory action should be stayed and that the Chicago infringement action should proceed in order to prevent duplication of litigation with its consequent expense and waste of effort both by the parties and by the courts. This holding is not only in accord with the authorities but it is essentially practical and sensible.

The Court summarized its holding in the present case as follows (R. 60):

"In the instant case the whole of the war and all the parties to it are in the Chicago theatre and there only can it be fought to a finish as the litigations are now cast. On the other hand if the battle is waged in the Delaware arena there is a strong probability that the Chicago suit nonetheless would have to be proceeded with for Acme is not and cannot be made a party to the Delaware litigation. The Chicago suit when adjudicated will bind all the parties in both cases. Why, under the circumstances, should there be two litigations where one will suffice? We can find no adequate reason." (Emphasis ours.)

To this query, neither petitioner nor the dissenting opinion gives any answer—and, we submit, there is none.

III. Petitioner's Contention that Rule 57 of the Rules of Civil Procedure Requires the Instant Case to Proceed Is Not Well Founded

The part of Rule 57 on which petitioner relies is as follows (p. 19):

"The existence of another adequate remedy does not preclude a judgment for declaratory relief in cases where it is appropriate."

This rule merely sets at rest the doubt which had been expressed by some of the courts that the declaratory judgment remedy was not intended to be used when there was another adequate remedy.* It does not compel the court to proceed,

As was held by the Second Circuit Court of Appeals in *Larson v. General Motors Corporation*, 134 F. 2d 450 (1943), at 453:

"It is true that Rule 57 provides that 'the existence of another adequate remedy does not preclude a judgment for declaratory relief in cases where it is appropriate'; but that has been construed not to mean that the action will lie whenever there is a pending controversy, regardless of the need for it."

IV. Petitioner's Argument With Respect to the Doctrine of *Forum Non Conveniens* Is Irrelevant

It is not at all clear what petitioner intends to argue under this point but petitioner seems to imply that because respondent did not move, under 28 U. S. C. Sec. 1404(a), to transfer the instant case to Chicago, it therefore should not be stayed.

It is true that respondent has made no motion for transfer under Sec. 1404(a). This is for the reason that

* Petitioner cites eight cases as supporting the view that a declaratory action against a patentee will not be dismissed merely because an infringement action is later filed against the infringer by the patentee. We have no quarrel with this but believe it is not in any way involved in the issue now before the Court. The *Crosley v. Hazeltine*, 122 F. 2d 925; *Crosley v. Westinghouse*, 130 F. 2d 474; *Triangle v. National*, 125 F. 2d 1008; *Cresta Blanca v. Eastern*, 143 F. 2d 1012 and *Speed Products v. Tinnerman*, 171 F. 2d 727, we have previously discussed. The *E. W. Bliss v. Cold Metal Process*, 102 F. 2d 105; *Milwaukee Gas v. Mercoid*, 104 F. 2d 589, and *Independent Pneumatic v. Chicago Pneumatic*, 74 F. Supp 502, cases go no further than these other cases.

there is no need, inasmuch as the parties and the whole of the issues are already before the Chicago Court. However, if transfer is desirable, there is no requirement that it be initiated by respondent—under the statute, a District Court may act on its own initiative. The statute merely provides “* * * that a District Court may transfer * * *”.

In view of what we previously have said, it is perfectly obvious it would be for the “convenience of parties and witnesses” and “in the interest of justice” to transfer the case to Chicago rather than to have duplicate litigation with duplication of effort on the part of the Court, the witnesses and the parties and we see no reason why the Court could not do so if it felt there was anything to be gained in view of the fact that the issues and parties are already there.

Conclusion

The Court of Appeals below, in deciding the case, put the matter thus (R. 60):

“The Chicago suit when adjudicated will bind all the parties in both cases. Why, under the circumstances, should there be two litigations where one will suffice? We can find no adequate reason.”

We think it is clear that no adequate reason has been presented by the petitioner and that, under the authorities, the decision of the Court below was correct in staying the instant case and in setting aside the injunction against proceeding with the Chicago case.

It is submitted that the decision of the Court of Appeals should be affirmed.

Respectfully submitted,

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APPENDIX

28 U. S. C. § 1404(a):

"(a) For the convenience of parties and witnesses, in the interest of justice, a district court may transfer any civil action to any other district or division where it might have been brought."

35 U. S. C. § 40:

"§ 40. Same; contents and duration

Every patent shall contain a short title or description of the invention or discovery, correctly indicating its nature and design, and a grant to the patentee, his heirs or assigns, for the term of seventeen years, of the exclusive right to make, use and vend the invention or discovery (including in the case of a plant patent the exclusive right to asexually reproduce the plant) throughout the United States and the Territories thereof, referring to the specification for the particulars thereof. A copy of the specification and drawings shall be annexed to the patent and be a part thereof."

35 U. S. C. § 70:

"§ 70. Power of court to grant injunctions; recovery of general damages; assessment; elements of general damages; increase of damages; limitations; notice to Commissioner of suits and judgments rendered.

The several courts vested with jurisdiction of cases arising under the patent laws shall have power to grant injunctions according to the course and principles of courts of equity, to prevent the violation of any right secured by patent, on such terms as the court may deem reasonable; and upon a judgment being rendered in any case for an infringement the complainant shall be entitled to recover general damages

which shall be due compensation for making, using, or selling the invention, not less than a reasonable royalty therefore, together with such costs, and interests, as may be fixed by the court. The court may in its discretion award reasonable attorney's fees to the prevailing party upon the entry of judgment on any patent case. * * *"

Rule 57, Rules of Civil Procedure:

"The procedure for obtaining a declaratory judgment pursuant to Title 28, U.S.C., § 2201, shall be in accordance with these rules, and the right to trial by jury may be demanded under the circumstances and in the manner provided in Rules 38 and 39. The existence of another adequate remedy does not preclude a judgment for declaratory relief in cases where it is appropriate." The court may order a speedy hearing of an action for a declaratory judgment and may advance it on the calendar."